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December 22, 2023

Board of Directors  
Vincennes Housing Authority  
Knox County, Indiana

We have reviewed the audit report of the Vincennes Housing Authority, which was opined on by Barry E. Gaudette, CPA, PC, Independent Public Accountant, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Vincennes Housing Authority, as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023  
AND  
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**VINCENNES HOUSING AUTHORITY**  
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## **INTRODUCTION**

*Barry E. Gaudette, CPA, PC  
3145 Lake Meadows Circle  
Traverse City, Michigan 49685*

*Independent Auditor's Report*

Board of Commissioners  
Vincennes Housing Authority  
Vincennes, Indiana

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of the business-type activities of the Vincennes Housing Authority, Indiana, as of June 30, 2023 and 2022, and the related statement and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vincennes Housing Authority, Indiana as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vincennes Housing Authority, Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vincennes Housing Authority, Indiana's ability to continue as a going concern for the year ending June 30, 2023.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vincennes Housing Authority, Indiana's ability to continue as a going concern for a reasonable period of time.

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

## Report on Other Legal and Regulatory Requirements

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vincennes Housing Authority, Indiana's basic financial statements. The financial data schedule shown at the end of the audit report is presented for purposes of additional analysis and is 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* 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 financial data schedule, which can be found at the end of the audit report, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of the Vincennes Housing Authority, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's internal control over financial reporting and compliance.

***Barry E. Gaudette, CPA, PC***

September 22, 2023

**Vincennes Housing Authority**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Unaudited)**

As management of the Vincennes Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Vincennes Housing Authority, 501 Hart Street, Vincennes, Indiana, (812) 882-5494.

**FINANCIAL HIGHLIGHTS**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$9,108,185 (net position).

The Authority's cash balance on June 30, 2023, was \$2,033,566 representing an increase of \$362,327 from June 30, 2022 balance of \$1,671,239.

The Authority had operating revenues of \$974,022, Department of Housing and Urban Development (HUD) grants of \$3,138,798, capital grants of \$168,192, investment income of \$3,210 and other revenues of \$67,209 for the year ended June 30, 2023.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

**FUTURE EVENTS (NEW BUSINESS)**

There are no future events planned by the Authority during the fiscal year ended June 30, 2023 that will significantly affect the Authority's Net Assets either positively or negatively.

**Vincennes Housing Authority**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Continued)**

**Condensed Comparative Financial Statements**

*Analysis of Entity Wide Net Position (Statement of Net Position)*

**Total Current Assets** for FYE 2023 were \$2,209,975, and at FYE 2022 the amount was \$1,841,560. This represents an increase of \$368,415.

**Total Capital Assets** decreased by \$289,095. At FYE 2023 and FYE 2022, the amounts were \$7,336,040 and \$7,625,135, respectively.

**Total Liabilities** increased by \$188,720, due to an increase in accrued pension.

**Revenues** increased by \$134,424 from FYE June 30, 2022. The increase is mostly due to an increase in HUD operating grants and tenant revenue.

**Total Expenses** increased by \$361,337 which is mostly due to an increase in maintenance and housing assistance payments.

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variances</u>
Cash	\$ 2,033,566	1,671,239	\$ 362,327	21.7%
Other Current Assets	176,409	170,321	6,088	3.6%
Capital Assets	7,336,040	7,625,135	(289,095)	-3.8%
<b>Total Assets</b>	<b>9,546,015</b>	<b>9,466,695</b>	<b>79,320</b>	<b>0.8%</b>
Deferred Outflows of Resources	215,101	192,893	22,208	11.5%
<b>TOTAL</b>	<b>\$ 9,761,116</b>	<b>\$ 9,659,588</b>	<b>\$ 101,528</b>	<b>1.1%</b>
Current Liabilities	\$ 193,782	\$ 173,547	\$ 20,235	11.7%
Long Term Liabilities	373,608	205,123	168,485	82.1%
<b>Total Liabilities</b>	<b>567,390</b>	<b>378,670</b>	<b>188,720</b>	<b>49.8%</b>
Deferred Inflows of Resouces	85,541	265,693	(180,152)	-67.8%
Net Investment in Capital Assets	7,336,040	7,625,135	(289,095)	
Restricted Net Assets	36,068	5,811	30,257	520.7%
Unrestricted Net Assets	1,736,077	1,384,279	351,798	25.4%
<b>Total Net Assets</b>	<b>9,108,185</b>	<b>9,015,225</b>	<b>92,960</b>	<b>1.0%</b>
<b>TOTAL</b>	<b>\$ 9,761,116</b>	<b>\$ 9,659,588</b>	<b>\$ 101,528</b>	<b>1.1%</b>

**Vincennes Housing Authority**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Continued)**

***Analysis of Entity Wide Revenues (Statement of Activities)***

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2023 were as follows:

<u><b>Program</b></u>	<u><b>Revenues Generated</b></u>
Low Income Public Housing	\$2,448,050
Section 8 Vouchers	\$1,711,947
Capital Funds Program	\$168,192
Business Activities	\$15,364
State and Local	\$7,878

Total revenues for Fiscal Year Ending June 30, 2023 were \$4,351,431 as compared to the total revenues for Fiscal Year Ending June 30, 2022 of \$4,217,007. Comparatively, Fiscal Year Ending 2023 revenues were more than Fiscal Year Ending 2022 revenues by \$134,424.

	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>Net Change</b></u>	<u><b>Percent Variances</b></u>
Total Tenant Revenue	\$ 974,022	\$ 905,238	\$ 68,784	8%
HUD Operating Grants	3,138,798	2,863,586	275,212	10%
HUD Capital Grants	168,192	207,412	(39,220)	-19%
Investment Income	3,210	2,087	1,123	54%
Fraud recovery	6,178	3,583	2,595	72%
Other Revenue	61,031	235,101	(174,070)	-74%
<b>Total Revenue</b>	<u><u><b>\$ 4,351,431</b></u></u>	<u><u><b>\$ 4,217,007</b></u></u>	<u><u><b>\$ 134,424</b></u></u>	<b>3%</b>

**Vincennes Housing Authority**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Continued)**

***Analysis of Entity Wide Expenditures***

**Total Expenditures** for Fiscal Year Ending June 30, 2023 were \$4,258,471 as compared to \$3,897,134 of total expenditures for Fiscal Year Ending June 30, 2022. Comparatively, Fiscal Year Ending 2023 expenditures were more than Fiscal Year Ending 2022 expenditures by \$361,337. Changes by major expense category will be presented below.

**Administrative** expenditures increased by \$20,447 or 4%. There was an increase in employee benefits.

**Tenant services** increased by \$12,544 due to resident council returning post COVID.

**Utilities** increased by \$20,411 or 4% due to normal fluctuations in usage and costs and was mostly the electric bill.

**General** expenditures decreased by \$38,441 or 14%.

**Extraordinary Maintenance** increased by \$50,223 or 162%. This was mostly due to an increase in plumbing repairs, tree trimming, and supplies.

**Housing Assistance Payments** increased by \$204,984 or 16% due to an increase in HUD funding and the related number of units that could be funded.

The table below illustrates our analysis:

	<u>2023</u>	<u>2022</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	\$ 594,091	\$ 573,644	\$ 20,447	4%
Tenant Services	12,544	0	12,544	#DIV/0!
Utilities	480,247	459,836	20,411	4%
Maintenance	921,133	786,285	134,848	17%
Protective Services	4,158	3,300	858	26%
General Expense	230,592	269,033	(38,441)	-14%
Extraordinary Maintenance	81,198	30,975	50,223	162%
Housing Assistance Payments	1,454,784	1,249,800	204,984	16%
Depreciation Expense	479,724	524,261	(44,537)	-8%
<b>Total Expenses</b>	<b><u>\$ 4,258,471</u></b>	<b><u>\$ 3,897,134</u></b>	<b><u>\$ 361,337</u></b>	9%

**Vincennes Housing Authority  
Management's Discussion and Analysis (MD&A)**

**June 30, 2023**

**(Continued)**

**Budgetary Analysis**

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

The Authority prepares a budget on a calendar year because HUD is based on calendar year. Therefore, it is difficult to create a budgetary analysis since the Authority's budget is based on a calendar year and the audit is based on fiscal year ending June 30. The Authority is permitted four years to expend capital funds. Income is only recognized as funds are expended.

**ANALYSIS OF CAPITAL ASSET ACTIVITY**

As of June 30, 2023, the Authority's investment in capital assets was \$7,336,040 (net of accumulated depreciation). The investment includes land, buildings, and equipment. See notes to the financial statements for additional disclosures on capital assets. Capital outlays for the year were \$194,071 consisting of the following purchases:

- Flooring 2-3 \$63,276
- Tree removal \$36,200
- 2023 Nissan \$26,079
- Elevator \$25,975
- Partial roof 2-2 \$14,000
- Pipe/pump replace 2-2 \$7,790
- Ice maker \$1,715
- Landscaping \$9,454
- Concrete and brick work \$9,582

	<b>2023</b>	<b>2022</b>	<b>Net Change</b>	<b>Percent Variance</b>
Land	\$ 400,156	\$ 400,156	\$ -	0.0%
Buildings	24,007,934	23,841,567	166,367	0.7%
Furniture, Equipment, & Machinery - Dwelling	770,402	757,357	13,045	1.7%
Furniture, Equipment, & Machinery - Admin	79,049	79,049	0	0.0%
<b>Total Fixed Assets</b>	<b>25,257,541</b>	<b>25,078,129</b>	<b>179,412</b>	<b>0.7%</b>
Accumulated Depreciation	17,921,501	17,453,084	468,417	2.7%
<b>Net Fixed Assets</b>	<b>\$ 7,336,040</b>	<b>\$ 7,625,045</b>	<b>\$ (289,005)</b>	<b>-3.8%</b>

**Debt Activity**

The Housing Authority had no outstanding debt in 2023 or 2022.

## **FINANCIAL STATEMENTS**

**Vincennes Housing Authority**  
**Statement of Net Position**  
**June 30, 2023**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 2,033,566
Accounts receivable, net	22,939
Prepaid expenses	90,606
Inventories, net	62,864
Total Current Assets	2,209,975

Capital Assets:

Land	400,156
Buildings	24,007,934
Equipment	849,451
	25,257,541
Less: accumulated depreciation	(17,921,601)
Net Capital Assets	7,336,040

Deferred Outflow of Resources	215,101
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Total Assets	\$ 9,761,116
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**LIABILITIES and NET POSITION**

Current Liabilities:

Accounts payable	\$ 52,934
Accrued expenses	42,038
Tenant security deposit liability	43,476
Other current liabilities	20,341
Unearned revenue	34,993
Total Current Liabilities	193,782

Non-Current Liabilities:

Non-current liabilities – other	42,206
Accrued pension	331,402
	373,608

Total Non-Current Liabilities	373,608
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Total Liabilities	567,390
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Deferred inflow of resources	85,541
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Net Position:

Net investment in capital assets	7,336,040
Restricted net position	36,068
Unrestricted net position	1,736,077
Total Net Position	9,108,185

Total Liabilities and Net Position	\$ 9,761,116
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See notes to financial statements

**Vincennes Housing Authority**  
**Statement of Revenues, Expenses, And**  
**Changes in Net Position**  
**Year Ended June 30, 2023**

**OPERATING REVENUES:**

Dwelling rent	\$	839,115
Tenant rent-other		134,907
Operating grants		3,138,798
		3,138,798
Total operating revenues		4,112,820

**OPERATING EXPENSES:**

Administrative		594,091
Tenant services		12,544
Utilities		480,247
Maintenance		921,133
Protective services		4,158
Insurance		125,787
General expenses		104,805
Extraordinary maintenance		80,995
Housing assistance payments		1,454,784
Depreciation		479,724
		479,724
Total operating expenses		4,177,273
Operating income (loss)		(64,453)

**NONOPERATING REVENUES AND EXPENSES:**

Investment interest income – Unrestricted		3,210
Fraud recovery		6,178
Other revenue		22,661
Gain on sale of capital asset		13,787
Investment interest income – Restricted		24,583
Extraordinary maintenance		(80,995)
Casualty losses		(203)
		(203)
Total non operating revenues		(10,779)

**CAPITAL CONTRIBUTIONS**

		168,192
Change in net position		92,960
Net Position, beginning		9,015,225
Net Position, ending	\$	9,108,185

See notes to financial statements

**Vincennes Housing Authority**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from dwelling and non dwelling rents	\$ 993,141
Cash received from operating grants	3,138,798
Cash payments to other suppliers of goods and services	(2,430,878)
Cash payments to employees for services	(1,265,361)
Cash payments for payments in lieu of taxes	<u>(37,560)</u>

Net cash provided by operating activities	<u>398,140</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Other revenue	22,661
Fraud recovery	4,525
Casualty loss	(203)
Tenant security deposits	1,035
Extraordinary maintenance	(80,995)
Non current liabilities	<u>(1,989)</u>

Net cash (used) by noncapital financing activities	<u>(54,966)</u>
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**CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Payments for capital acquisitions	(190,626)
Gain on sale of assets	13,787
Capital grants	<u>168,191</u>

Net cash (used) by capital and related financing activities	<u>(8,648)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Receipts of interest income	<u>27,801</u>
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Net cash provided by investing activities	<u>27,801</u>
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Net increase (decrease) in cash	362,327
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Cash and cash equivalents, beginning	<u>1,671,239</u>
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Cash and cash equivalents, ending	<u><u>\$ 2,033,566</u></u>
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See notes to financial statements

**Vincennes Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2023**

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

Operating income (loss)	\$	(64,453)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		479,724
Allowance for doubtful accounts		(466)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		1,804
Prepaid expenses		(4,468)
Inventories		(1,305)
Deferred outflow of resources		(22,208)
Increase (decrease) in liabilities:		
Accounts payable-trade		2,095
Accrued wages/payroll taxes payable		(13,125)
Accrued compensated absences		4,937
Other current liabilities		1,775
Accounts payable-PILOT		5,727
Unearned revenue		17,781
Accrued pension		170,474
Deferred inflow of resources		(180,152)
		(180,152)
Net cash provided by operating activities	\$	398,140

See notes to financial statements

**Vincennes Housing Authority**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Vincennes Housing Authority (“VHA” or “Housing Authority”) is an independent municipal entity created by the City of Vincennes pursuant to Indiana state law and the National Housing Act of 1937. Although the Housing Authority maintains close ties with the City of Vincennes in several respects, the Housing Authority is not a component unit of the City, as defined by the Governmental Accounting Standards Board, since the City is not financially accountable for the operations of the Housing Authority, and has no responsibility to fund its deficits or receive its surpluses. The Housing Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of seven members, all City residents, appointed by the City Mayor. The Board appoints an Executive Director who acts as the Secretary of the Housing Authority.

1. Reporting Entity

The Housing Authority’s financial statements include the accounts of all of the Housing Authority’s operations. The Housing Authority maintains its accounting records by program and operates the following programs:

**Low Income Public Housing**

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 347 federal public housing units through this program.

**Public Housing Capital Fund**

HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Housing Authority under the Low Income Public Housing Program. A designated portion of these funds may also be used to support operations and to make improvements in the management and operation of the Housing Authority’s Low Income Public Housing Program.

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

1. Reporting Entity (Continued)

**Section 8 Housing Choice Vouchers**

HUD provides grants to the Housing Authority to subsidize rents paid by low income families and issued vouchers affording them choices in renting from private landlords. The Housing Authority subsidizes the landlord for the differences between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. This program provided rental assistance to approximately 372 families and individuals this year.

2. Basis of Presentation and Accounting

In accordance with uniform financial reporting standards for HUD housing purposes, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement, focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through cost charges.

3. Budgets and Budgetary Accounting

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

4. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts. The cash equivalents are recorded at cost, which approximates market.

5. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

6. Prepaid Expenses

Prepaid expenditures, such as insurance premiums and deferred costs, which are expected to be written off within the next fiscal year, are included in net current assets.

7. Compensated Absences

Housing Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days according to contract or personnel policies. In the event of termination by retirement or death, an employee is paid for accumulated sick days according to contract or personnel policies.

8. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended June 30, 2023, there were no inter-program receivables and payables due from any of the programs and there was \$256,716 in operating transfers.

9. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	7	-	40 years
Equipment	5	-	15 years
Building improvements	7	-	40 years

Land and land improvements include approximately \$400,156 of capitalized land that is not subject to depreciation.

10. Income Taxes

The Housing Authority is a quasi-governmental entity. The Housing Authority is not subject to Federal or State income taxes.

11. Inventories

Inventories, if any, are valued at cost which approximates market value, using the first in/first out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

## **NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **12. Operating Revenues and Expenses**

Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **13. Operating and Non-operating Revenues**

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income, and unusual revenues are classified as nonoperating revenues.

### **14. Use of Estimates**

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

### **15. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of financial position will, when applicable, report separate sections for deferred outflows or resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources* a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

### **16. Unearned Revenue**

The Housing Authority reports unearned revenue in connection with resources that have been received, but not yet earned.

### **17. Comparative Data**

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

### **18. Net Position**

Net positions are comprised of three categories (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The Housing Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

18. Net Position (Continued)

both restricted and unrestricted net position is available, the Housing Authority’s policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

19. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including September 22, 2023, which is the date the financial statements were available to be issued.

**NOTE B: CASH AND CASH EQUIVALENTS**

Indiana Code authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Indiana. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers’ acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Indiana or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Indiana.

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority’s deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations	<u>\$ 2,033,566</u>
Total	<u>\$ 2,033,566</u>

**NOTE B: CASH AND CASH EQUIVALENTS (CONTINUED)**

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2023:

Bank deposits (checking, savings, and treasury obligation accounts)	\$	2,033,466
Petty cash		<u>100</u>
Total	\$	<u><u>2,033,566</u></u>

**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it. At year end, the Housing Authority had no bank deposits that were uninsured and uncollateralized.

**NOTE C: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance 06/30/22</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 06/30/23</u>
<b>Low Rent Program</b>				
Land	\$ 400,156	\$ 0	\$ 0	\$ 400,156
Buildings	23,841,657	166,277	0	24,007,934
Furniture, equipment & machinery - Dwellings	702,855	13,045	0	715,900
Furniture, equipment & machinery - administration	79,049	0	0	79,049
	<u>25,023,717</u>	<u>\$ 179,322</u>	<u>\$ 0</u>	<u>25,203,039</u>
Less accumulated depreciation	<u>(17,404,441)</u>	<u>\$ (477,991)</u>	<u>\$ 0</u>	<u>(17,871,125)</u>
Total	<u>\$ 7,619,276</u>			<u>\$ 7,331,914</u>
<b>State/Local Program</b>				
Furniture, equipment & machinery - dwellings	\$ 9,109	\$ 0	\$ 0	\$ 9,109
	<u>9,109</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,109</u>
Less accumulated depreciation	<u>(4,386)</u>	<u>\$ (1,301)</u>	<u>\$ 0</u>	<u>(5,687)</u>
Total	<u>\$ 4,723</u>			<u>\$ 3,422</u>

**NOTE C: CAPITAL ASSETS (continued)**

**Business Activities Program**

Furniture, equipment & machinery - administration	\$ 45,393	\$ 0	\$ 0	\$ 45,393
	<u>45,393</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>45,393</u>
Less accumulated depreciation	(43,785)	\$ (904)	\$ 0	(44,689)
Total	<u>\$ 1,608</u>			<u>\$ 704</u>

**Combined Totals** \$ 7,336,040

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:	
Low Rent Program	\$ 477,991
State/Local Program	1,301
Business Activity Program	432
	<u>\$ 479,724</u>

**NOTE D: NON-CURRENT LIABILITIES**

As of June 30, 2023, the non-current liabilities are comprised of the following:

Accrued pension	\$ 331,402
Non-current liabilities – other	42,206
	<u>\$ 373,608</u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2023:

	<u>Balance 06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/23</u>	<u>Amounts Due within One Year</u>
Accrued pension	\$ 160,928	\$ 170,474	\$ 0	\$ 331,402	\$ 0
Non-current liabilities - other	44,195	0	(1,989)	42,206	0
	<u>\$ 205,123</u>	<u>\$ 170,474</u>	<u>\$ (1,989)</u>	<u>\$ 373,608</u>	<u>\$ 0</u>

**NOTE E: COMMITMENTS AND CONTINGENCIES**

**Commitments – Construction**

At June 30, 2023, the Housing Authority had the following capital fund grants:

	<u>IN36P002501-19</u>	<u>IN36P002501-20</u>
Funds Approved	\$ 796,838	\$ 794,608
Funds Expended	<u>(796,838)</u>	<u>(259,416)</u>
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 535,192</u>
Funds Advanced (HUD Grants)	\$ 796,838	\$ 259,416
Funds Expended	<u>(796,838)</u>	<u>(259,416)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>
	<u>IN36P002501-22</u>	<u>IN36P002501-23</u>
Funds Approved	\$ 963,873	\$ 960,691
Funds Expended	<u>(187,210)</u>	<u>(0)</u>
Excess of Funds Approved	<u>\$ 776,663</u>	<u>\$ 960,691</u>
Funds Advanced (HUD Grants)	\$ 187,210	\$ 0
Funds Expended	<u>(187,210)</u>	<u>(0)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for the 2019 CFP agrees with the costs shown on the financial statements.

**Contingencies**

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

**Vincennes Housing Authority**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Continued)**

**NOTE F: RETIREMENT PLAN**

***Description of Pension Plan***

The Housing Authority of the County of Delaware participates in a cost-sharing multiple-employer Pension Plan, as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Employees' Retirement System (INPRS). INPRS and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS reports are available online at <https://www.in.gov/inprs/publications/actuarial-valuation-reports/>.

Members include officers and employees of the units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid plan.

***Benefits Provided***

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old with sum of age and vesting service equal to 85 or more is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

In lieu of a cost of living adjustment (COLA) on January 1, 2022, members in pay were provided a 13<sup>th</sup> check on October 1, 2020. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2022  
0.5% beginning on January 1, 2034  
0.6% beginning on January 1, 2039

## **NOTE E: RETIREMENT PLAN (CONTINUED)**

### ***Benefits Provided (Continued)***

The PERF hybrid plan also provides disability and survivor benefits.

### ***Contributions***

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10 ,2-2-11. During 2022, all participating employers contributed an average of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended September 30, 2020 was \$3,145. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion. The annuity savings account benefit is in addition to the annuity benefits provided by employer contributions. During 2018, the annuity savings accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

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

At June 30, 2022, the Housing Authority reported a liability of \$331,402 for its proportionate share of the net position liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the Housing Authority's proportion was 0.0001157%, which was an increase of 0.0000001% from its proportion measured as of June 30, 2021.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)***

For the year ended December 31, 2022, the Housing Authority recognized pension expense of \$42,438:

At July 2022, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,869	\$ 1,388
Net differences between projected and actual earnings on pension plan investments	45,032	0
Changes in assumptions	49,424	15,612
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,747	22,515
Adjustments	<u>111,029</u>	<u>46,026</u>
<b>Total</b>	<b><u>\$ 215,101</u></b>	<b><u>\$ 85,541</u></b>

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

<b>Year ended:</b>	<b>Amortization of net Deferred outflows (inflows) or resources</b>
2023	\$ 4,924
2024	22,206
2025	(10,209)
2026	47,636
2027	0
Thereafter	0
<b>Total</b>	<b><u>\$ 64,557</u></b>

**NOTE E: RETIREMENT PLAN (CONTINUED)**

***Actuarial Assumptions***

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Type of Plan	The Public Employees' Retirement Fund is a cost-sharing multiple-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2022
Valuation Date:	
Assets:	June 30, 2022
Liabilities:	June 30, 2021-The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.00%
Future Salary Increases	2.65%-8.65% based on service
Cost-of-Living Increases	As of June 30, 2022: Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023.
Long-Term Expected Rate of Return	6.6%
Discount Rate	6.25%, net of investment expenses:
Salary Increases:	
Inflation	2.00%
Future salary increases	2.65% - 8.65% based on service
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019. Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females, Retirees - General Retiree table with a 3 year set forward for males and 1 year set forward for females, Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females. Disableds – General Disabled table with a 140% loan.

**NOTE E: RETIREMENT PLAN (CONTINUED)**

***Single Discount Rate***

The discount rate used to measure the total pension liability was 6.25% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

***Sensitivity of the Housing Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate***

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate.

	<b>1% Decrease to Discount Rate (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase To Discount Rate (7.25%)</b>
Vincennes HA proportionate share of the net pension liability	<u>\$ 616,447</u>	<u>\$ 364,898</u>	<u>\$ 155,089</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at [https://www.in.gov/inprs/files/INPRSConsolidated\\_CAFR\\_FY20.pdf](https://www.in.gov/inprs/files/INPRSConsolidated_CAFR_FY20.pdf).

***Payables to the Pension Plan***

At December 31, 2022, the Housing Authority reported a payable of \$364,898 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

The pension information is not audited.

**NOTE F: COMMITMENTS AND CONTINGENCIES**

**Commitments – Construction**

At December 31, 2022, the Housing Authority had the following capital fund grants:

	<u>IN36P004501-20</u>	<u>IN36P004501-21</u>	<u>IN36P004501-22</u>
Funds Approved	\$ 264,016	\$ 278,119	\$ 340,874
Funds Expended	<u>(190,855)</u>	<u>(179,755)</u>	<u>(0)</u>
Excess of Funds Approved	<u>\$ 73,161</u>	<u>\$ 98,364</u>	<u>\$ 340,874</u>
Funds Advanced (HUD Grants)	\$ 190,855	\$ 179,755	\$ 0
Funds Expended	<u>(190,855)</u>	<u>(179,755)</u>	<u>(0)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Contingencies**

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

**NOTE G: RISK MANAGEMENT**

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Authority carries commercial insurance coverage to cover this risk. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

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**Independent Accountant’s Report on Applying Agreed-Upon Procedure**

To the Board of Commissioners  
Vincennes Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Vincennes Housing Authority (the “Housing Authority”) and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Housing Authority and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS Rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Vincennes Housing Authority as of and for the year ended June 30, 2023, and have issued our reports thereon dated September 22, 2023. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated June 30, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

## Independent Accountant’s Report on Applying Agreed-Upon Procedure

### Page Two

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor’s reports, is available in its entirety from the Vincennes Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the “UFRS Rule Information” column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

*Barry E. Gadette, CPA, PC*

September 22, 2023

#### ATTACHMENT TO INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURE

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Business Sheet, Revenue and Expense and Cash Flow Data	Financial Data Templates (i.e. the Financial Data Schedule)	X	
2	Footnotes	Footnotes to Audited Basic Financial Statements	X	
3	Type of Opinion on the Financial Statements and Compliance	Auditor’s Reports on the Financial Statements and Compliance	X	
4	Type of Opinion on Financial Data Templates	Auditor’s Supplemental Report on Financial Data Templates	X	

**Vincennes Housing Authority  
Schedule of Expenditures of Federal Awards  
And Notes to the Schedule of Federal Awards  
Year Ended June 30, 2023**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor	Type	Federal CFDA #	Expenditures
<u>U.S. Department of HUD</u>			
<b>Housing Voucher Cluster:</b>			
Section 8 Housing Choice Voucher Program	A – Major	14.871	\$ 1,661,574
Ongoing Administrative Fees Earned	B – Nonmajor	14.871	0
FSS Coordinator Grant	B – Nonmajor	14.896	<u>43,892</u>
<b>Subtotal Housing Voucher Cluster</b>			1,705,466
<b>Public and Indian Housing:</b>			
Public Housing Program	A – Major	14.850	1,433,332
<b>Public Housing Capital Fund</b>	B – Nonmajor	14.872	<u>168,192</u>
Total Federal Financial Awards			<u>\$ 3,306,990</u>
<b>Threshold for Type A/Type B Program</b>			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**Basis of Accounting** - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Housing Authority.

**Indirect Cost Rate** - - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

*Barry E. Gaudette, CPA, PC  
3149 Lake Meadows Circle  
Traverse City, Michigan 49656*

**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 Housing Commissioners  
Vincennes Housing Authority  
Vincennes, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Vincennes Housing Authority, Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Vincennes Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated September 22, 2023.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Barry E. Gadette, CPA, PC*

September 22, 2023

*Barry E. Gaudette, CPA, PC  
3145 Lake Meadows Circle  
Traverse City, Michigan 49686*

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Housing Commissioners  
Vincennes Housing Authority  
Vincennes, Indiana

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

We have audited the Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's major federal programs for the year ended June 30, 2023. Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's compliance.

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

In our opinion, the Vincennes Housing Authority, Indiana, 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, 2023.

### **Report on Internal Control over Compliance**

Management of the Vincennes Housing Authority, Indiana, 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 Vincennes Housing Authority, Indiana'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 Vincennes Housing Authority, Indiana's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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.

*Barry E. Gandette, CPA, PC*

September 22, 2023

**Vincennes Housing Authority  
Status of Prior Audit Findings  
June 30, 2023**

There were no prior year findings.

**Vincennes Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

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

Any audit findings disclosed that are required to be reported in accordance with *Audit Requirements for Federal Awards* (Uniform Guidance)? No

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.871	Housing Voucher Cluster
14.850	Public Housing Program

**Section II - Findings Related to the Financial Statements**

There were no findings which are required to be reported under *Government Auditing Standards*.

**Section III - Findings and Questioned Costs for Federal Awards**

There were no findings or questioned costs.