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State Examiner

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May 14, 2025

Board of Commissioners  
Fremont Housing Authority  
Steuben County, Indiana

We have reviewed the audit report of the Fremont Housing Authority, which was opined upon by Cavanaugh and Company, PLLC, Independent Public Accountant, for the period April 1, 2023 to March 31, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Fremont Housing Authority, as of March 31, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on page 29. Management's Corrective Action Plan appears on page 31.

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

Tammy R. White, CPA  
Deputy State Examiner

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2024**

**FREMONT HOUSING AUTHORITY  
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YEAR ENDED MARCH 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Fremont Housing Authority  
Fremont, Indiana

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Fremont Housing Authority (the Authority), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of March 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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. 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 the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2024, the Authority adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### **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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 generally accepted auditing standards and *Government Auditing Standards* 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- 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 the Authority'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 internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules and the statement and certification of actual modernization costs are presented for purposes of additional analysis and are not a required part of the financial statement. The financial data schedules are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 procedures generally accepted in the United States of America. In our opinion, the combining financial statements, statement and certification of actual modernization costs, and the financial data schedules 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 November 5, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Authority's internal control over financial reporting and compliance.

*Cavanaugh & Company, PLLC*

Cavanaugh & Company, PLLC  
Edina, Minnesota  
November 5, 2024

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

The Fremont Housing Authority (the Authority) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased by \$2,989 (or 0.4%) during 2024. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$690,416 and \$687,427 for 2024 and 2023, respectively.

Net position increased in the current year due to the efficient operation of the Authority (revenues vs expenditures).

- Operating revenue increased by \$59,482 (or 21.4%) during 2024 and was \$336,956 and \$277,474 for 2024 and 2023, respectively.

Operating revenue increased in the current year due to an increase in rental rates and occupancy and an increase in operating grants drawn down.

- Total operating expenses increased by \$33,453 (or 11.2%). Total operating expenses were \$332,010 and \$298,557 for 2024 and 2023, respectively.

Total operating expenses increased in the current year due to the Authority providing cable for all their tenants and an increase in repairs and maintenance performed.

- Net nonoperating revenues (expenses) increased by \$8,397 during 2024 and was \$(1,957) and (\$10,354) for 2024 and 2023, respectively.

Net nonoperating revenues (expenses) decreased during the current year due to an increase in interest income and a decrease in one-time repairs.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The Authority consists of exclusively enterprise funds, which use full accrual basis of accounting. All the Authority's activities are reported as a single enterprise fund. This method of accounting is similar to accounting utilized by the private sector accounting.

These statements include a *Statement of Net Position*, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement of Net position presents financial information on all of the assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, and deferred inflows/outflows of resources, for the entire Authority. Net Position is reported in three broad categories:

*Net Investment in Capital Assets:* This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

*Unrestricted Net Position:* Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The basic financial statements also include a *Statement of Revenues, Expenses, and Changes in Net Position* (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and operating grants, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a *Statement of Cash Flows* is included, which discloses net cash provided by or used for operating activities, non-capital financing activities, from capital and related financing activities, and investing activities.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

**BASIC FINANCIAL STATEMENTS**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position as of March 31, 2024, and 2023.

**TABLE 1  
STATEMENT OF NET POSITION**

	2024	2023	Increase (Decrease)
Current and Other Assets	\$ 312,030	\$ 240,978	\$ 71,052
Capital Assets	411,162	476,215	(65,053)
Total Assets	<u>723,192</u>	<u>717,193</u>	<u>5,999</u>
Current Liabilities	32,272	27,312	4,960
Noncurrent Liabilities	504	2,454	(1,950)
Total Liabilities	<u>32,776</u>	<u>29,766</u>	<u>3,010</u>
Net Position			
Net Investment in Capital Assets	411,162	476,215	(65,053)
Unrestricted	279,254	211,212	68,042
Total Net Position	<u>\$ 690,416</u>	<u>\$ 687,427</u>	<u>\$ 2,989</u>

For more detailed information, see the Statement of Net Position.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

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

The following table reflects the Changes in Net Position for the years ended March 31, 2024, and 2023.

**TABLE 2  
CHANGES IN NET POSITION**

	2024	2023	Increase (Decrease)
Revenues			
Tenant Revenue	\$ 194,515	\$ 156,714	\$ 37,801
Operating Grants	138,472	110,770	27,702
Other Revenue	3,969	9,990	(6,021)
Total Operating Revenue	<u>336,956</u>	<u>277,474</u>	<u>59,482</u>
Operating Expenses			
Administration	93,830	89,446	4,384
Tenant Services	21,647	6,561	15,086
Utilities	25,228	24,899	329
Ordinary Maintenance	86,718	70,643	16,075
General Expense	38,783	32,367	6,416
Depreciation	65,804	74,641	(8,837)
Total Operating Expenses	<u>332,010</u>	<u>298,557</u>	<u>33,453</u>
Operating Income (Loss)	<u>4,946</u>	<u>(21,083)</u>	<u>26,029</u>
Nonoperating Revenue (Expenses)			
Interest Income	2,639	586	2,053
Extraordinary Maintenance	(4,596)	(10,940)	6,344
Net Nonoperating Revenues (Expenses)	<u>(1,957)</u>	<u>(10,354)</u>	<u>8,397</u>
Change In Net Position	2,989	(31,437)	34,426
Net Position - Beginning	687,427	718,864	(31,437)
Net Position - Ending	<u>\$ 690,416</u>	<u>\$ 687,427</u>	<u>\$ 2,989</u>

For more detailed information, see the Statement of Revenues, Expenses, and Changes in Net Position.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of March 31, 2024, the Authority had \$411,162 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$65,053 from the end of last year. This decrease is due to the annual depreciation of assets.

**TABLE 3  
CAPITAL ASSETS AT YEAR END**

	2024	2023
Nondepreciable Assets		
Land	\$ 22,000	\$ 22,000
Depreciable Assets		
Buildings	2,958,098	2,958,098
Furniture, Equipment, and Machinery	131,844	131,093
Accumulated Depreciation, Net	(2,700,780)	(2,634,976)
Net Capital Assets	\$ 411,162	\$ 476,215

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes.

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

Balance on March 31, 2023	\$ 476,215
Increases	751
Accumulated Depreciation, Net	(65,804)
Balance on March 31, 2024	\$ 411,162

**Debt Outstanding**

As of March 31, 2024, the Authority has no outstanding debt.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2024**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority areas 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.

**FINANCIAL CONTACT**

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 Fremont Housing Authority's Executive Director at the following:

Janet Covell, Executive Director  
200 West Spring Street, PO Box 189  
Fremont, Indiana 46737  
Phone: (260) 495-2422  
Email: [fremha2@gmail.com](mailto:fremha2@gmail.com)

**FREMONT HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
AS OF MARCH 31, 2024**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$	274,693
Cash and Cash Equivalents - Restricted		3,900
Accounts Receivable - Other, Net		9,132
Prepaid Expenses and Other Assets		24,305
Total Current Assets		312,030

Capital Assets

Land		22,000
Building		2,958,098
Furniture, Equipment, and Machinery		131,844
Accumulated Depreciation		(2,700,780)
Total Capital Assets, Net		411,162
Total Assets		723,192

**LIABILITIES**

Current Liabilities

Accounts Payable		1,905
Accrued Payroll Liabilities		5,262
Compensated Absences - Current		504
Accounts Payable - Other Government		14,826
Tenant Security Deposits		3,900
Unearned Revenue		16
Other Liabilities		5,859
Total Current Liabilities		32,272

Noncurrent Liabilities

Compensated Absences - Noncurrent		504
Total Noncurrent Liabilities		504
Total Liabilities		32,776

**NET POSITION**

Net Investment in Capital Assets		411,162
Unrestricted		279,254
Total Net Position	\$	690,416

**FREMONT HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED MARCH 31, 2024**

<b>OPERATING REVENUES</b>	
Net Tenant Rental Revenue	\$ 173,485
Tenant Revenue - Other	21,030
Total Tenant Revenue	<u>194,515</u>
HUD PHA Operating Grants	138,472
Other Revenue	3,969
Total Operating Revenues	<u>336,956</u>
<b>OPERATING EXPENSES</b>	
Administrative	93,830
Tenant Services	21,647
Utilities	25,228
Ordinary Maintenance and Operations	86,718
Insurance Premiums	23,957
General Expenses	14,826
Depreciation Expense	65,804
Total Operating Expenses	<u>332,010</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,946</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income - Unrestricted	2,639
Extraordinary Maintenance	(4,596)
Total Nonoperating Revenues (Expenses)	<u>(1,957)</u>
<b>CHANGE IN NET POSITION</b>	2,989
Net Position - Beginning of Year	<u>687,427</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 690,416</u></u>

See accompanying Notes to Financial Statements

**FREMONT HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2024**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Rent	\$ 173,488
Operating Subsidies - HUD	129,405
Cash Received From Other Sources	25,000
Cash Paid to Other Suppliers of Goods or Services	(183,414)
Cash Payments to Employees for Services	(89,559)
Net Cash Provided (Used) by Operating Activities	<u>54,920</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Transfer in	91,324
Operating Transfers out	(91,324)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(751)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(751)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	2,609
Net Cash Provided by Investing Activities	<u>2,609</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	56,778
Cash and Cash Equivalents - Beginning of Year	221,815
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>278,593</u></u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and Cash Equivalents	274,693
Cash and Cash Equivalents - Restricted	3,900
Cash and Cash Equivalents - End of Year	<u><u>278,593</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	4,946
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	65,804
(Increase) Decrease in Assets:	
Accounts Receivable	(9,067)
Prepayments	(5,177)
Increase (Decrease) in Liabilities:	
Accounts Payable	(4,115)
Accrued Payroll Liabilities	(482)
Due to Other Governmental Units	1,645
Unearned Revenue	3
Tenants Security Deposits	100
Extraordinary Maintenance	(4,596)
Accrued Expenses	5,859
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 54,920</u></u>

See accompanying Notes to Financial Statements

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

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

**General Statement**

The accompanying financial statements of the Fremont 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 was created for the purpose of providing housing and redevelopment services to the local area. The Authority's primary operations are the development and management of housing units, which are rented to low-income residents. The governing body consists of a seven-member board of commissioners appointed by the Mayor and approved by the city council.

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 programs 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 programs:

**Low Rent Public Housing**

This program accounts for the rental and other income, operating subsidies from HUD, and the expenses related to the operation and maintenance of low-income housing units owned by the Authority.

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

**Capital Fund Program**

This program records the receipt of capital funding grants from HUD and the subsequent expenditure of those funds for capital improvements and operations.

**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 program. 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.

**Assets, Liabilities, and Net Position Accounts**

**Assets**

***Cash and Cash Equivalents***

The Authority's cash and cash equivalents are considered to be cash on hand, negotiable certificates of deposit, money market funds, savings accounts, demand deposits, share accounts, and short-term investments with original maturities of three months or less.

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

*Investments*

Investments are stated at fair value, except for nonnegotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost. The fair value of investments is based on quoted market prices. Short-term investments are valued at cost, which approximates fair value.

*Accounts Receivable*

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 Programs*

Legally authorized transfers are treated as inter-program transfers and are included in the results of operations of each program involved.

*Capital Assets*

Capital assets, which include property, buildings, furniture, and equipment, are reported in the applicable business-type activities for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments greater than \$100 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 forty years.

Buildings	15-40 years
Furniture, Equipment and Machinery	3-15 years

Liabilities

*Accounts Payable and Other Liabilities*

All liabilities are recorded as incurred in the appropriate program.

*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.

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

*Compensated Absences*

Under the Authority's personnel policies, employees are granted vacation in varying amounts based on their length of service. Vacation leave accrual varies from 10 to 20 days per year, with a maximum carryover to the following year of 5 days per year for employees under 15 years of service and 10 days for the Executive Director and employees with over 15 years of service. Sick leave is accrued at 12 days per year with a maximum carryover of 6 days in one year to the maximum of 30 days over the course of employment. Unpaid vacation leave is generally paid at the time of separation of employment. No unpaid sick leave is paid at the time of separation of employment.

*Leases*

The Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, Under GASB Statement No. 87, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. 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. The Authority reviewed its agreements outstanding as of March 31, 2024, and determined there were no leases currently existing, and therefore, no adjustments or disclosures were made. Management only reevaluates its determination if the terms and conditions of the contract are changed.

Net Position

Net position represents the difference between assets and liabilities. 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.

Subsequent Events

Subsequent events have been evaluated through November 5, 2024, which is the date the financial statements were available to be issued.

New Accounting Pronouncements

During fiscal year 2024, the Authority adopted GASB Statement No. 96, which provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on standards established in Statement 87, Leases. The Authority reviewed its agreements outstanding as of March 31, 2024, and determined there were no SBITAs currently existing, and therefore, no adjustments or disclosures were made.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Authority's cash and cash equivalents at March 31, 2024, were comprised of demand deposits and certificates of deposit. The Authority had no investments as of March 31, 2024.

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

Deposits are held at local area banks. Deposits at the local banks are insured by the FDIC up to \$250,000 for time and savings deposits (including NOW accounts) and \$250,000 for demand deposits.

*Custodial Credit Risk - Deposits:* This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's financial institution's balance of \$279,139 were not exposed to custodial credit risk and were fully collateralized.

**Unrestricted Cash**

Cash and Cash Equivalents	\$	113,464
Savings/Money Market Savings		81,959
CDs		79,270
<b>Total Unrestricted Cash</b>		274,693

**Restricted Cash**

Cash and Cash Equivalents		3,900
<b>Total Restricted Cash</b>		3,900
<b>Total Cash</b>	\$	278,593

**NOTE 3 - RESTRICTED ASSETS**

**Tenant Security Deposits**

The Authority holds security deposits from tenants. Security deposits were \$3,900 as of March 31, 2024.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2024, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type Activities</b>				
<u>Capital Assets Not Being Depreciated</u>				
Land and Improvements	\$ 22,000	\$ -	\$ -	\$ 22,000
Total Capital Assets Not Being Depreciated	22,000	-	-	22,000
<u>Capital Assets Being Depreciated</u>				
Buildings	2,958,098	-	-	2,958,098
Equipment and Other	131,093	751	-	131,844
Total Capital Assets Being Depreciated	3,089,191	751	-	3,089,942
Accumulated Depreciation	(2,634,976)	(65,804)	-	(2,700,780)
Total Capital Assets Being Depreciated, Net	454,215	(65,053)	-	389,162
Total Capital Assets, Net	\$ 476,215	\$ (65,053)	\$ -	\$ 411,162

**FREMONT HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2024**

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

Low Rent Public Housing                      \$ 65,804

**NOTE 5 – LONG-TERM OBLIGATIONS**

The summary of long-term obligations transactions for the year ended March 31, 2024, are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 4,090	\$ 5,366	\$ 8,448	\$ 1,008	\$ 504

**NOTE 6 – EMPLOYEES RETIREMENT PLAN**

The Authority has established a defined contribution retirement policy. Currently there are two employees eligible for the benefit. The Authority pays 10% of their gross wage to an Individual Retirement Arrangement (IRA) administered by Farm Bureau. Employer contributions for the year ended March 31, 2024, were \$8,424.

**NOTE 7 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss 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 8 – 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 9 - 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.

**FREMONT HOUSING AUTHORITY  
COMBINING STATEMENT OF NET POSITION  
AS OF MARCH 31, 2024**

	Low Rent Public Housing	Capital Fund Program	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 274,693	\$ -	\$ 274,693
Cash and Cash Equivalents - Restricted	3,900	-	3,900
Accounts Receivable - Other, Net	9,132	-	9,132
Prepaid Expenses and Other Assets	24,305	-	24,305
Total Current Assets	<u>312,030</u>	<u>-</u>	<u>312,030</u>
Capital Assets			
Land	22,000	-	22,000
Building	2,958,098	-	2,958,098
Furniture, Equipment, and Machinery	131,844	-	131,844
Accumulated Depreciation	(2,700,780)	-	(2,700,780)
Total Capital Assets, Net	<u>411,162</u>	<u>-</u>	<u>411,162</u>
Total Assets	<u>723,192</u>	<u>-</u>	<u>723,192</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,905	-	1,905
Accrued Payroll Liabilities	5,262	-	5,262
Compensated Absences - Current	504	-	504
Accounts Payable - Other Government	14,826	-	14,826
Tenant Security Deposits	3,900	-	3,900
Unearned Revenue	16	-	16
Other Liabilities	5,859	-	5,859
Total Current Liabilities	<u>32,272</u>	<u>-</u>	<u>32,272</u>
Noncurrent Liabilities			
Compensated Absences - Noncurrent	504	-	504
Total Noncurrent Liabilities	<u>504</u>	<u>-</u>	<u>504</u>
Total Liabilities	<u>32,776</u>	<u>-</u>	<u>32,776</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	411,162	-	411,162
Unrestricted	279,254	-	279,254
Total Net Position	<u>\$ 690,416</u>	<u>\$ -</u>	<u>\$ 690,416</u>

**FREMONT HOUSING AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MARCH 31, 2024**

	<b>Low Rent Public Housing</b>	<b>Capital Fund Program</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Net Tenant Rental Revenue	\$ 173,485	\$ -	\$ 173,485
Tenant Revenue - Other	21,030	-	21,030
Total Tenant Revenue	<u>194,515</u>	<u>-</u>	<u>194,515</u>
HUD PHA Operating Grants	47,148	91,324	138,472
Other Revenue	3,969	-	3,969
Total Operating Revenues	<u>245,632</u>	<u>91,324</u>	<u>336,956</u>
<b>OPERATING EXPENSES</b>			
Administrative	93,830	-	93,830
Tenant Services	21,647	-	21,647
Utilities	25,228	-	25,228
Ordinary Maintenance and Operations	86,718	-	86,718
Insurance Premiums	23,957	-	23,957
General Expenses	14,826	-	14,826
Depreciation Expense	65,804	-	65,804
Total Operating Expenses	<u>332,010</u>	<u>-</u>	<u>332,010</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(86,378)</u>	<u>91,324</u>	<u>4,946</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income - Unrestricted	2,639	-	2,639
Extraordinary Maintenance	(4,596)	-	(4,596)
Total Nonoperating Revenues (Expenses)	<u>(1,957)</u>	<u>-</u>	<u>(1,957)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(88,335)</u>	<u>91,324</u>	<u>2,989</u>
Transfers	91,324	(91,324)	-
<b>CHANGE IN NET POSITION</b>	2,989	-	2,989
Net Position - Beginning of Year	687,427	-	687,427
<b>NET POSITION - END OF YEAR</b>	<u>\$ 690,416</u>	<u>\$ -</u>	<u>\$ 690,416</u>

**FREMONT HOUSING AUTHORITY  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2024**

	<b>Low Rent Public Housing</b>	<b>Capital Fund Program</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Rent	\$ 173,488	\$ -	\$ 173,488
Operating Subsidies - HUD	38,081	91,324	129,405
Cash Received From Other Sources	25,000	-	25,000
Cash Paid to Other Suppliers of Goods or Services	(183,414)	-	(183,414)
Cash Payments to Employees for Services	(89,559)	-	(89,559)
Net Cash Provided (Used) by Operating Activities	(36,404)	91,324	54,920
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Transfer in	91,324	-	91,324
Operating Transfers out	-	(91,324)	(91,324)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	91,324	(91,324)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(751)	-	(751)
Net Cash Provided (Used) by Capital and Related Financing Activities	(751)	-	(751)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	2,609	-	2,609
Net Cash Provided by Investing Activities	2,609	-	2,609
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	56,778	-	56,778
Cash and Cash Equivalents - Beginning of Year	221,815	-	221,815
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>278,593</b>	<b>-</b>	<b>278,593</b>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents	274,693	-	274,693
Cash and Cash Equivalents - Restricted	3,900	-	3,900
Cash and Cash Equivalents - End of Year	<b>\$ 278,593</b>	<b>\$ -</b>	<b>\$ 278,593</b>

**FREMONT HOUSING AUTHORITY  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2024**

	<b>Low Rent Public Housing</b>	<b>Capital Fund Program</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (86,378)	\$ 91,324	\$ 4,946
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	65,804	-	65,804
(Increase) Decrease in Assets:			
Accounts Receivable	(9,067)	-	(9,067)
Prepayments	(5,177)	-	(5,177)
Increase (Decrease) in Liabilities:			
Accounts Payable	(4,115)	-	(4,115)
Accrued Payroll Liabilities	(482)	-	(482)
Due to Other Governmental Units	1,645	-	1,645
Unearned Revenue	3	-	3
Tenants Security Deposits	100	-	100
Extraordinary Maintenance	(4,596)	-	(4,596)
Accrued Expenses	5,859	-	5,859
Net Cash Provided (Used) by Operating Activities	<u>\$ (36,404)</u>	<u>\$ 91,324</u>	<u>\$ 54,920</u>

**FREMONT HOUSING AUTHORITY  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
YEAR ENDED MARCH 31, 2024**

The Actual Modernization costs are as follows:

	<u>IN36P085501-19</u>	<u>IN36P085501-20</u>	<u>IN36P085501-21</u>	<u>IN36P085501-22</u>	<u>IN36P085501-23</u>
Funds Approved	\$ 65,602	\$ 70,225	\$ 72,943	\$ 89,954	\$ 93,850
Funds Expended	65,602	70,225	72,943	89,954	-
Excess of Funds Approved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,850</u>
Funds Advanced	65,602	70,225	72,943	89,954	-
Funds Expended	65,602	70,225	72,943	89,954	-
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The distribution of costs by project as shown on the Final Performance and Evaluation Report accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records.

All modernization costs have been paid and all related liabilities have been discharged through payment.

**FREMONT HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE - BALANCE SHEET SUMMARY**  
**MARCH 31, 2024**

Line Item #	Description	Low Rent Public Housing	Capital Fund Program	Total
111	Cash - Unrestricted	\$ 274,693	\$ -	\$ 274,693
114	Cash - Tenant Security Deposits	3,900	-	3,900
100	Total Cash	<u>278,593</u>	<u>-</u>	<u>278,593</u>
122	Accounts Receivable - HUD Other Projects	9,067	-	9,067
129	Accrued Interest Receivable	65	-	65
120	Total Receivables, Net of Allow ances for Doubtful Accounts	<u>9,132</u>	<u>-</u>	<u>9,132</u>
142	Prepaid Expenses and Other Assets	24,305	-	24,305
150	Total Current Assets	<u>312,030</u>	<u>-</u>	<u>312,030</u>
161	Land	22,000	-	22,000
162	Buildings	2,958,098	-	2,958,098
163	Furniture, Equipment & Machinery - Dw ellings	70,344	-	70,344
164	Furniture, Equipment & Machinery - Administration	61,500	-	61,500
166	Accumulated Depreciation	(2,700,780)	-	(2,700,780)
160	Total Capital Assets, Net of Accumulated	<u>411,162</u>	<u>-</u>	<u>411,162</u>
290	Total Assets and Deferred Outflow of Resources	<u>723,192</u>	<u>-</u>	<u>723,192</u>
312	Accounts Payable <= 90 Days	1,905	-	1,905
321	Accrued Wage/Payroll Taxes Payable	5,262	-	5,262
322	Accrued Compensated Absences - Current Portion	504	-	504
333	Accounts Payable - Other Government	14,826	-	14,826
341	Tenant Security Deposits	3,900	-	3,900
342	Unearned Revenue	16	-	16
346	Accrued Liabilities - Other	5,859	-	5,859
310	Total Current Liabilities	<u>32,272</u>	<u>-</u>	<u>32,272</u>
354	Accrued Compensated Absences - Non Current	504	-	504
350	Total Non-Current Liabilities	<u>504</u>	<u>-</u>	<u>504</u>
300	Total Liabilities	<u>32,776</u>	<u>-</u>	<u>32,776</u>
508	Net Investment in Capital Assets	411,162	-	411,162
512	Unrestricted Net Position	279,254	-	279,254
513	Total Equity - Net Assets / Position	<u>690,416</u>	<u>-</u>	<u>690,416</u>
600	Total Liabilities, Deferred Inflow s of Resources and Equity - Net	<u>\$ 723,192</u>	<u>\$ -</u>	<u>\$ 723,192</u>

**FREMONT HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE SUMMARY**  
**MARCH 31, 2024**

Line Item#	Description	Low Rent Public Housing	Capital Fund Program	Total
70300	Net Tenant Rental Revenue	\$ 173,485	\$ -	\$ 173,485
70500	Total Tenant Revenue	173,485	-	173,485
70600	HUD PHA Operating Grants	47,148	91,324	138,472
71100	Investment Income - Unrestricted	2,639	-	2,639
71500	Other Revenue	25,000	-	25,000
70000	Total Revenue	248,272	91,324	339,596
91100	Administrative Salaries	59,015	-	59,015
91200	Auditing Fees	4,000	-	4,000
91400	Advertising and Marketing	381	-	381
91500	Employee Benefit Contributions - Administrative	10,657	-	10,657
91600	Office Expenses	16,197	-	16,197
91900	Other	3,582	-	3,582
91000	Total Operating - Administrative	93,832	-	93,832
92400	Tenant Services - Other	21,647	-	21,647
92500	Total Tenant Services	21,647	-	21,647
93100	Water	9,714	-	9,714
93200	Electricity	14,569	-	14,569
93300	Gas	869	-	869
93800	Other Utilities Expense	75	-	75
93000	Total Utilities	25,227	-	25,227
94100	Ordinary Maintenance and Operations - Labor	30,062	-	30,062
94200	Ordinary Maintenance and Operations - Materials and Other	6,183	-	6,183
94300	Ordinary Maintenance and Operations Contracts	45,188	-	45,188
94500	Employee Benefit Contributions - Ordinary	5,285	-	5,285
94000	Total Maintenance	86,718	-	86,718
96140	All Other Insurance	23,957	-	23,957
96100	Total insurance Premiums	23,957	-	23,957
96300	Payments in Lieu of Taxes	14,826	-	14,826
96000	Total Other General Expenses	14,826	-	14,826
96900	Total Operating Expenses	\$ 266,207	\$ -	\$ 266,207

**FREMONT HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE SUMMARY  
MARCH 31, 2024**

<b>Line Item#</b>	<b>Description</b>	<b>Low Rent Public Housing</b>	<b>Capital Fund Program</b>	<b>Total</b>
97000	Excess of Operating Revenue over Operating Expenses	\$ (17,935)	\$ 91,324	\$ 73,389
97100	Extraordinary Maintenance	4,596	-	4,596
97400	Depreciation Expense	65,804	-	65,804
90000	Total Expenses	<u>336,607</u>	<u>-</u>	<u>336,607</u>
10010	Operating Transfer In	91,324	-	91,324
10020	Operating transfer Out	-	(91,324)	(91,324)
10100	Total Other financing Sources (Uses)	<u>91,324</u>	<u>(91,324)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 2,989</u>	<u>\$ -</u>	<u>\$ 2,989</u>
11030	Beginning Equity	687,427	-	687,427
11190	Unit Months Available	480	-	480
11210	Number of Unit Months Leased	452	-	452
11270	Excess Cash	233,269	-	233,269

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

Board of Commissioners  
Fremont Housing Authority  
Fremont, 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 Fremont Housing Authority (the Authority), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 5, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2024-001, that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

### **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.

*Cavanaugh & Company, PLLC*

Cavanaugh & Company, PLLC  
Edina, Minnesota  
November 5, 2024

**FREMONT HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
YEAR ENDED MARCH 31, 2024**

**FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

SIGNIFICANT DEFICIENCY

Audit Finding 2024-001 – Lack of Segregation of Duties

*Criteria:*

Internal control is a process, affected by the Fremont Housing Authority's (the Authority) board of commissioners, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

*Condition:*

Due to the limited employees and resources available to the Authority, many aspects of the internal control structure that rely on segregation of duties are missing. Specific accounting processes noted that are affected by the lack of segregation of duties include: cash disbursements, payroll disbursements, cash receipting, and specific reporting functions required for the Authority.

*Cause:*

Due to the limited number of personnel within the Authority, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of the Authority; however, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

*Effect:*

Inadequate segregation of duties could adversely affect the Authority's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by personnel in the normal course of performing their assigned functions.

*Recommendation:*

We recommend that the Authority's board of commissioners and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure the internal control policies and procedures are being implemented by personnel to the extent possible.

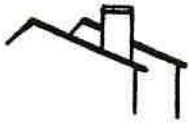
*View of Responsible Officials:*

Management agrees with the finding.

**FREMONT HOUSING AUTHORITY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED MARCH 31, 2024**

**FINANCIAL STATEMENTS FINDINGS**

There were no findings noted in the prior year.



## MANAGEMENT'S CORRECTIVE ACTION PLAN

November 5, 2024

U.S. Department of Housing and Urban Development

The Fremont Housing Authority (the Authority) respectfully submits the following management corrective action plan for the fiscal year ended March 31, 2024.

Name and address of independent public accounting firm:

Cavanaugh & Company, PLLC  
4570 West 77<sup>th</sup> Street, #310  
Edina, MN 55435

Audit period: Fiscal year ended March 31, 2024.

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The findings from the March 31, 2024, schedule of findings and recommendations are discussed below.

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### SIGNIFICANT DEFICIENCY

2024-001      Lack of Segregation of Duties

*Corrective Action Planned:* Due to the Authority's size, it is cost-prohibitive and impractical to achieve the ideal level of segregation of duties. The Authority has implemented as many controls and segregation of duties as practically possible for an organization of this size.

*Completion Date:* Ongoing

If there are any questions regarding this plan, please contact me at (260) 495-2422.

Respectfully Submitted,

Janet Covell, Executive Director  
Fremont Housing Authority