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STATE BOARD OF ACCOUNTS
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April 23, 2024

Board of Directors
Union City Housing Authority
Randolph County, Indiana

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

In our opinion, Barry E. Gaudette, CPA, PC, prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**UNION CITY HOUSING AUTHORITY
RANDOLPH COUNTY, INDIANA
FINANCIAL STATEMENTS**

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

UNION CITY HOUSING AUTHORITY
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SEPTEMBER 30, 2023

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INTRODUCTION

**Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685**

Independent Auditor's Report

Board of Commissioners
Union City Housing Authority
Randolph County, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Union City Housing Authority, Indiana as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Union City, Indiana basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the primary government of the Union City Housing Authority, Indiana as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*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 opinions.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 4-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union City Housing Authority, Indiana's basic financial statements. The financial data schedule shown on 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 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2024, on our consideration of the Union City 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 Union City 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 Union City Housing Authority, Indiana's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PC

January 5, 2024

Union City Housing Authority
Management’s Discussion and Analysis (MD&A)
September 30, 2023
(Unaudited)

As management of the Union City Housing Authority, we offer reviewers of this audit report this narrative discussion and analysis of the Union City Housing Authority’s financial activities for the year ended September 30, 2023. This discussion and analysis letter of the Union City Housing Authority’s financial performance should be read in conjunction with the auditor’s opinion letter and the following financial statements.

The combined financial statements reflect all of the Housing Authority’s federally funded programs and activities in one place. The Housing Authority reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for “business-type activities” – activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as sUnion Cityh even though no cash transaction has actually taken place.

FINANCIAL HIGHLIGHTS

The term “net position” refers to the difference between assets and liabilities. The Housing Authority’s total net position as of September 30, 2023 was \$(133,092). The net position increased by \$37,327, an increase of 21.9% over prior fiscal year,

Revenues and contributions for the Housing Authority were \$818,100 for the fiscal year ended September 30, 2023. This was an increase of \$129,854 or 18.9% over the prior fiscal year.

Expenses for the Housing Authority were \$780,773 for the fiscal year ended September 30, 2023. This was an increase of \$109,312 or 16.3% the over prior fiscal year.

HUD operating grants were \$794,164 for the fiscal year ended September 30, 2023. This was an increase of \$111,057 or 16.3% over the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Housing Authority’s financial statements are presented as fund financial statements because the Housing Authority only has proprietary funds.

Union City Housing Authority
Management's Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Financial Statements

The *Statement of Net Position* includes the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Housing Authority creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established Uniform Financial Reporting Standards that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

FUND STATEMENTS

The Financial Data Schedule reports the Housing Authority's operations in more detail. The Housing Authority reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (ALN) numbers.

Union City Housing Authority
Management’s Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

FUND STATEMENTS (Continued)

Section 8 Housing Choice Voucher Program: Under this program, the Housing Authority administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Authority. The Housing Authority subsidizes the family’s rent via a “Housing Assistance Payment” made directly to the landlord. HUD provides subsidy to the Housing Authority to enable the Housing Authority to set the rental rates at 30% to 40% of a participant’s income.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government’s financial position. As stated in the following table, assets exceeded liabilities by \$(133,092) at the close of the fiscal year ended September 30, 2023 an increase from \$(170,419) in 2022. The increase in net position of \$37,327 was due to the change in net position of \$37,327.

The unrestricted net position was \$(155,779) as of September 30, 2023. This amount, if positive, may be used to meet the Housing Authority’s ongoing obligations. The Housing Authority had a net position classified as restricted of \$22,283 that is subject to external restrictions on how they may be used. The restricted assets consist of excess funding in the Housing Choice Voucher Program. At the end of the current fiscal year, the Housing Authority was able to report positive balances in all categories of net position except for the unrestricted net position.

CONDENSED STATEMENTS OF NET POSITION
September 30,

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>
Current and other assets	\$ 73,133	\$ 42,156	\$ 30,977
Capital assets, net	404	454	(50)
Deferred outflow of resources	6,631	2,656	3,975
Total Assets and Deferred Outflow of Resources	<u>80,168</u>	<u>45,266</u>	<u>34,902</u>
Current liabilities	12,052	1,544	10,508
Non-current liabilities-HUD	183,037	194,037	(11,000)
Accrued pension liability	17,031	15,706	1,325
Total Liabilities	<u>212,120</u>	<u>211,287</u>	<u>833</u>
Deferred inflow of resources	<u>1,140</u>	<u>4,398</u>	<u>(3,258)</u>
Net position:			
Net Investment in capital assets	404	454	(50)
Restricted	22,283	10,270	12,013
Unrestricted	<u>(155,779)</u>	<u>(181,143)</u>	<u>25,364</u>
Total Net Position	<u>\$ (133,092)</u>	<u>\$ (170,419)</u>	<u>\$ 37,327</u>

Union City Housing Authority
Management's Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

FINANCIAL ANALYSIS (Continued)

Total current assets increase of \$30,977 was due, in large part, to an increase in operating cash flows of \$21,852.

Current liabilities increased by \$10,508, in large part, due to an increase in accounts payable-HUD, Accounts payable-trade, accrued pension payable and Accrued compensated absences that totaled \$10,873. The largest portion of the Housing Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Housing Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	<u>09/30/23</u>	<u>09/30/22</u>	<u>Dollar Change</u>
Revenues and contributions			
Operating, non operating, capital contributions:			
HUD operating grants	\$ 794,164	\$ 683,107	\$ 111,057
Fraud recovery	14,730	1,133	13,597
Other income	9,200	4,000	5,200
Interest income	6	6	0
Total Revenues and Contributions	<u>818,100</u>	<u>688,246</u>	<u>129,854</u>
Expenses			
Personnel services	54,865	48,257	6,608
Utilities	2,327	1,868	459
Insurance	4,586	4,460	126
Other supplies and expenses	37,900	26,881	11,019
Housing Assistance Payments	681,045	589,949	91,096
Depreciation expense	50	46	4
Total Expenses	<u>780,773</u>	<u>671,461</u>	<u>109,312</u>
Change in net position	37,327	16,785	20,542
Prior period adjustment	0	(125,128)	125,128
Beginning net position	(170,419)	(62,076)	(108,343)
Ending net position	<u>\$ (133,092)</u>	<u>\$ (170,419)</u>	<u>\$ 37,327</u>

Union City Housing Authority
Management's Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

FINANCIAL ANALYSIS (Continued)

Revenues:

As can be seen in the above table total revenues and contributions increased by \$129,854, in large part, due to operating grants increasing by \$111,057.

Union City Housing Authority's primary revenue sources are grants received by HUD. For the fiscal year ending September 30, 2023, HUD contributions accounted for \$794,164 (or 97.0% of total revenue).

Expenses:

Total expenses for the fiscal year ending September 30, 2023 were \$780,773 while for the fiscal year ending September 30, 2022 they were \$671,461. This represents a 16.2% increase in our operating costs. The expenses increased, in large part, due to the HAP payments to landlords increasing by \$91,098 over the prior fiscal year.

The following represents changes in Federal Assistance received:

	09/30/23	09/30/22	Dollar Change
HCV operating grants	\$ 794,164	\$ 681,753	\$ 112,411
HCV CARES Act Funding	0	1,354	(1,354)
Total	\$ 794,164	\$ 683,107	\$ 111,057

The above chart is segregated as to the Program source of funds, not the use of funds. The increase in the Housing Choice Voucher Program was due to higher incomes of tenants.

OPERATIONAL HIGHLIGHTS

The Union City Housing Authority provided the following housing for low-income individuals and families:

	09/30/23	09/30/22
Section 8 Housing Choice Voucher Program	148	153

The Housing Authority had a lease up rate of 95.2% in the Voucher program as of September 30, 2023.

Union City Housing Authority
Management’s Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

CAPITAL ASSETS

The Union City Housing Authority’s investment in capital assets, as of September 30, 2023 amounts to \$404 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment.

CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
September 30,

	2023	2022	Dollar Change
Furniture, equipment and machinery			
- administration	\$ 12,212	\$ 12,212	\$ 0
Accumulated depreciation	(11,808)	(11,758)	(50)
Total	\$ 404	\$ 454	\$ (50)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Authority is affected more by the Federal Budget than by local economic conditions. Due to inadequate funding of programs, the Housing Authority is engaging in outreach activities within its local community to seek other federal and non-federal sources of income to offset operational expenses and keep the Housing Authority financially and operationally in order to continue to provide safe, sanitary, and decent housing to our residents.

Although the Housing Authority remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

We know of no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or results of operations (revenues, expenses, and other changes).

Union City Housing Authority
Management's Discussion and Analysis (MD&A)
September 30, 2023
(Continued)

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Amy Holt, Executive Director
Union City Housing Authority
321 W. Oak Street
Union City, Indiana 47390

FINANCIAL STATEMENTS

Union City Housing Authority
Statement of Net Position
September 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 59,021
Accounts receivable, net	10,559
Prepaid expense	3,553
Total Current Assets	73,133

Capital Assets:

Equipment	12,212
	12,212
Less: accumulated depreciation	(11,808)
Net Capital Assets	404

Deferred outflow of resources	6,631
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Total Assets and Deferred Outflow of Resources	\$ 80,168
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LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 3,466
Accrued wage/payroll taxes payable	960
Accrued compensated absences	2,826
Accounts payable-HUD programs	4,800
Total Current Liabilities	12,052

Non-current Liabilities

Non-current liabilities-HUD	183,037
Accrued pension liability	17,031
	199,068

Total Non-Current Liabilities	200,068
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Total Liabilities	212,120
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Deferred inflow of resources	1,140
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Net position:

Net investment in capital assets	404
Restricted net position	22,283
Unrestricted net position	(155,779)
Total Net Position	(133,092)

Total Liabilities, Deferred Inflows and Net Position	\$ 80,168
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See notes to financial statements

Union City Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended September 30, 2023

OPERATING REVENUES:

Operating grants	\$ 794,164
	794,164
Total operating revenues	794,164

OPERATING EXPENSES:

Administrative	89,649
Utilities	2,327
Maintenance	290
Insurance	4,586
Other general expenses	2,826
Housing assistance payments	681,045
Depreciation expense	50
	780,773
Total operating expenses	780,773
Operating income (loss)	13,391

NON OPERATING REVENUES:

Investment interest income	6
Fraud recovery	14,730
Other income	9,200
	23,936
Total non operating revenues	23,936
Change in net position	37,327
Net position (deficit), beginning	(170,419)
Net position, ending	\$ (133,092)

See notes to financial statements

Union City Housing Authority
Statement of Cash Flows
Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operating grants	\$ 797,964
Cash payments to other suppliers of goods and services	(723,287)
Cash payments to employees for services	<u>(57,747)</u>
Net cash provided by operating activities	<u>16,930</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Fraud recovery	6,519
Other revenue	9,197
Non-current liabilities	<u>(11,000)</u>
Net cash provided by noncapital financing activities	<u>4,716</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payments for capital acquisitions	<u>(0)</u>
Net cash (used) by capital and related financing activities	<u>(0)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts of interest income	<u>6</u>
Net cash provided by investing activities	<u>6</u>

Net increase (decrease) in cash	21,652
Cash and cash equivalents, beginning	<u>37,369</u>
Cash and cash equivalents, ending	<u><u>\$ 59,021</u></u>

See notes to financial statements

Union City Housing Authority
Statement of Cash Flows (Continued)
Year Ended September 30, 2023

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

Operating income (loss)	\$	13,391
Depreciation		50
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses		(151)
Deferred outflow of resources		(3,975)
Increase (decrease) in liabilities:		
Accounts payable-HUD		3,800
Accounts payable-trade		2,922
Accrued pension payable		1,325
Accrued compensated absences		2,826
Deferred inflow of resources		(3,258)
		(3,258)
Net cash provided by operating activities	\$	16,930

See notes to financial statements

Union City Housing Authority
Notes to Financial Statements
September 30, 2023

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

The Union City Housing Authority (“Union City” or “Housing Authority”) is a component unit of Union City pursuant to Indiana state law and the National Housing Act of 1937. 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 Union City residents, appointed by the City Mayor of the Union City. 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:

Section 8 Housing Choice Vouchers

The Section 8 Housing Choice Voucher Program administered by the Housing Authority provides rent subsidies from HUD that are used by very low income families, the elderly, and the disabled to afford them decent, safe, and sanitary housing in the private market. This program provides rental assistance to approximately 142 families and individuals.

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government. For the most part, interfund activity has been eliminated in the preparation of these statements.

The Housing Authority is a special-purpose government entity engaged only in business-type activities and, the financial statements are presented as a single enterprise fund.

3. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises

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

4. Basis of Accounting

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 using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are charges to customers for rents. 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.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

If/when, both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

5. 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.

6. Cash and Cash Equivalents

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

7. 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.

8. 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.

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

9. 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 fiscal year ended September 30, 2023, there were no inter-program receivables and payables but there was \$6,005 in operating transfers.

10. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,500 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 and improvements	5	-	40 years
Maintenance and office equipment	3	-	10 years

11. Income Taxes

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

12. 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.

13. 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.

The Housing Authority does not have any items that qualifies for reporting in these categories.

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

14. Unearned Revenue

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

15. 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.

16. 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 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 BCTHC 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.

17. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including, January 5, 2024, 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.

NOTE B: CASH AND CASH EQUIVALENTS (CONTINUED)

Union City Housing Authority has designated one bank and for the deposit of its funds. Union City 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>\$ 59,021</u>
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The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of September 30, 2023:

Bank deposits (deposits accounts)	<u>\$ 59,021</u>
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Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, Union City Housing Authority’s deposits may not be returned to it. Union City Housing Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, Union City Housing Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE C: CAPITAL ASSETS

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

	<u>Balance 09/30/22</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 09/30/23</u>
HCV Program				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Furniture, equipment & machinery - Administration	<u>12,214</u>	<u>0</u>	<u>(2)</u>	<u>12,212</u>
	12,214	<u>\$ 0</u>	<u>\$ (2)</u>	12,212
Less accumulated Depreciation	<u>(12,214)</u>	<u>\$ (50)</u>	<u>\$ 456</u>	<u>(11,808)</u>
Total	<u>\$ 0</u>			<u>\$ 404</u>

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

Business-type activities:	
Low Rent Program	<u>\$ (50)</u>

NOTE D: RETIREMENT PLAN

Description of Pension Plan

The Union City Housing Authority 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 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 13th 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

The PERF hybrid plan also provides disability and survivor benefits.

NOTE E: RETIREMENT PLAN (CONTINUED)

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 June 30, 2023 was \$3,756. 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 September 30, 2023, the Housing Authority reported a liability of \$17,031 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, 2023, the Housing Authority's proportion was 0.0000053%, which was an increase of 0.0000001% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Housing Authority recognized pension expense of \$3,756:

At September 30, 2023, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 383	\$ 0
Net difference between projected and actual	4,287	0
Change in assumptions	1,020	0
Changes in proportion and differences between	941	1,140
Total	\$ 6,631	\$ 1,140

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

Year ended:	Amortization of net Deferred outflows (inflows) or resources
2024	\$ 1,661
2025	457
2026	2,788
2027	585
2028	0
Thereafter	0
Total	\$ 5,491

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, sUnion Cityh 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.

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.

NOTE E: RETIREMENT PLAN (CONTINUED)

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.

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase To Discount Rate (7.25%)
The Housing Authority proportionate share of the net pension liability	<u>\$ 30,484</u>	<u>\$ 18,705</u>	<u>\$ 8,885</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>.

Payables to the Pension Plan

At September 30, 2023, the Housing Authority reported a payable of \$17,031 for the outstanding amount of contributions to the pension plan required for the fiscal year ended September 30, 2023.

The pension information is not audited.

NOTE E: RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destroy of; errors and omissions; injuries to employees; employees health and life; and natural disasters. 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

NOTE F: CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

SUPPLEMENTARY INFORMATION

*Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685*

Independent Accountant’s Report on Applying Agreed-Upon Procedure

To the Board of Commissioners
Union City Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Union City 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 Union City Housing Authority as of and for the year ended September 30, 2023, and have issued our reports thereon dated January 5, 2024. 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 September 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 Union City 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. Gaudette, CPA, PC

January 5, 2024

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	

Union City Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended September 30, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor</u>	<u>Type</u>	<u>Federal ALN #</u>	<u>Expenditures</u>
<hr/>			
U.S. Department of HUD			
<hr/>			
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	A – Major	14.871	\$ 794,164
Total Federal Financial Awards			<u>\$ 794,164</u>
Threshold for Type A/Type B Program			<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 September 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.

*Barry E. Gaudette, CPA, PC
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Traverse City, Michigan 49685*

**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 Housing Commissioners
Union City Housing Authority
Randolph County, 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 Union City Housing Authority, Indiana, as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Union City Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated January 5, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Union City 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 Union City Housing Authority, Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union City 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.

Internal Control Over Financial Reporting (Continued)

As part of obtaining reasonable assurance about whether the Union City 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. Gaudette, CPA, PC

January 5, 2024

**Barry E. Gaudette, CPA, PC
3149 Lake Meadows Circle
Traverse City, Michigan 49685**

**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
Union City Housing Authority
Randolph County, Indiana

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, the Union City 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 September 30, 2023.

Report on Internal Control over Compliance

Management of the Union City 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 Union City 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 Union City 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. Gaudette, CPA, PC

January 5, 2024

**Union City Housing Authority
Status of Prior Audit Findings
September 30, 2023**

There were no prior year findings.

Union City Housing Authority
Schedule of Findings and Questioned Costs
September 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>ALN Number</i>	<i>Name of Federal Program or Cluster</i>
14.871	Housing Choice Voucher 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.