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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 25, 2025

Board of Directors
Housing Authority of the City of Elkhart
Elkhart County, Indiana

We have reviewed the audit report of Housing Authority of the City of Elkhart, which was opined upon by Barry E. Gaudette, CPA, PCJ, Independent Public Accountant, for the period April 1, 2022 to March 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Elkhart as of March 31, 2023, 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 in the report on page 49. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

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

Tammy R. White, CPA
Deputy State Examiner

**HOUSING AUTHORITY OF ELKHART, INDIANA
INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
MARCH 31, 2023
INCLUDING SINGLE AUDIT REPORTS
AND SUMMARY OF AUDITORS' RESULTS**

HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
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INDEPENDENT AUDITOR'S REPORT

Barry E. Gaudette, CPA, PC
2578 Middle Coray Circle
Marietta, GA 30066

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Elkhart
Elkhart, IN 46516

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Opinion

We have audited the accompanying financial statements of the primary government business-type activities and the component unit of the Housing Authority of the city of Elkhart, Indiana (Authority) as of and for the year ended March 31, 2023, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, 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, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government and the discretely presented component unit of the Authority, as of March 31, 2023, and the respective changes in financial position and where applicable, cash flows thereof for then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Audit Finding

2023-001 Completion of Annual Recertifications

Condition: Public Housing: Tenants Annual Recertifications are not being completed as prescribed by HUD.

Prior Period Financial Statements

The financial statements of the Housing Authority of the City of Elkhart as of March 31, 2022 were audited by other auditors whose report dated December 9 express an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibilities for the Audit of 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.

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

The financial data schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has not presented the Governmental Accounting Standards Board; *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Barry E. Gaudette, CPA, PCJ

October10,2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Elkhart, Indiana
1396 Benham Avenue
Elkhart, IN 46516
(Unaudited)

To the Board of Commissioners
Housing Authority of the City of Elkhart, Indiana
Elkhart, IN 46516

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Housing Authority of the City of Elkhart, Indiana (Authority) we offer reviewers of this audit report this narrative discussion and analysis of the Authority’s financial activities for the year ended March 31, 2023. This discussion and analysis letter of the 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 such even though no cash transaction has actually taken place.

FINANCIAL HIGHLIGHTS

- Total assets were \$20.2 million at March 31, 2023, an increase of \$823 thousand from the \$19.4 million at March 31, 2022, mainly due to increases in capital assets.
- Net capital assets were \$13.1 million at March 31, 2023, and increased \$650 thousand from \$12.5 million at March 31, 2022. This was primarily due to an increase in HUD Capital Grant.
- Total liabilities increased by \$54 thousand to \$922 thousand at March 31, 2023 from \$868 thousand at March 31, 2022. The increase is due to deferred revenue.
- Total net position was \$19.3 million at March 31, 2023, an increase of about \$769 thousand or 4 percent from prior year balance of \$18.5 million.
- Total revenue was \$11.2 million at March 31, 2023, an increase of \$591 thousand from March 31, 2022, balance of \$10.7 million. The increase was primarily due to increase grant funding and tenant revenues.
- Total expenses increased by \$1 million to \$10.5 million at March 31, 2023 from \$9.5 million at March 31, 2022. The increase was primarily due to increased Housing Assistance Payments.

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 Authority's financial statements are presented as fund financial statements because the Housing Authority only has proprietary funds.

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 Authority creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the 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 Authority'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 such 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 (CFDA) numbers.

Low Rent Public Housing Program: Under this program, the Housing Authority rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Authority to lease these units at a rate that is based on 30% of monthly adjusted income, or 10% of monthly income, or a \$50.00 monthly minimum rent, or a flat rent.

Capital Fund Program: Under this program, the Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority is currently allowed to use up to 100% of these funds, if need be, to supplement Operating Subsidies. This program is the primary funding source for physical improvements to its properties.

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 subsidies to the Housing Authority to enable the Housing Authority to set the rental rates at 30% to 40% of a participant's income.

Component Units – If the Authority has oversight responsibility, including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organization included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the Authority includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units – Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners of the component unit provides services entirely to the Authority.

Additionally, the Authority is required to undergo an annual single audit as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs.

The financial section provides both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS

Net Position

Net Position represents the difference between total assets and total liabilities.

Change in Elkhart Housing Authority's Net Position (in thousands)

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage of Change</u>
Current and other assets	\$ 7,064	\$ 6,892	\$ 172	2.5%
Capital assets, net	<u>13,123</u>	<u>12,472</u>	<u>651</u>	5.2%
Total Assets	<u>\$ 20,187</u>	<u>\$ 19,364</u>	<u>\$ 823</u>	4.3%
Current liabilities	341	696	(355)	-51.0%
Noncurrent liabilities	<u>581</u>	<u>172</u>	<u>409</u>	237.8%
Total Liabilities	<u>922</u>	<u>868</u>	<u>54</u>	6.2%
Net position:				
Net Investment in capital assets	13,123	12,472	651	5.2%
Unrestricted	6,142	5,939	203	3.4%
Restricted	<u>-</u>	<u>85</u>	<u>(85)</u>	0.0%
Total Net Position	<u>19,265</u>	<u>18,496</u>	<u>769</u>	4.2%
	<u>\$ 20,187</u>	<u>\$ 19,364</u>	<u>\$ 823</u>	4.3%

As shown in the above statement, the Authority's total net position at March 31, 2023 was approximately \$20.2 million, a 4.3 percent increase from the March 31, 2022 balance of \$19.4 million.

Capital Assets

Capital assets increased by approximately \$650 thousand from \$12.5 million to \$13.1 million, as shown in the statement below:

Elkhart Housing Authority's Change in Capital Assets

	2023	2022	Dollar Change	Percentage Change
Land	\$ 1,023,922	\$1,023,922	\$ -	0.0%
Building	40,917,012	39,563,854	1,353,158	3.4%
Equipment	1,916,372	1,789,061	127,311	7.1%
Construction in Progress				
Accumulated Depreciation	<u>(30,734,765)</u>	<u>(29,904,928)</u>	<u>(829,837)</u>	2.8%
Total Capital Assets	<u>\$13,122,541</u>	<u>\$12,471,909</u>	<u>\$650,632</u>	5.2%

For 2023 depreciation expense was \$829,837 and there was no construction in progress. Capital additions were \$1,480,469, and there were no disposals. Additional details can be found in the notes to the financial statements.

Investments and Accrued Interest Receivable

The Authority has several certificates of deposit (CD) at various financial institutions, which will mature in future years. Interest payments are accumulated and are not required to be paid until the maturity. Additional information can be found in the Notes to Financial Statements.

Revenues

As shown below, the Authority's total operating revenues increased to \$11.3 million by \$591 thousand or 5.5 percent for the year ended March 31, 2023.

**Change in Elkhart Housing Authority's Net Position
(in thousands)**

	<u>2023</u>	<u>2022</u>	Dollar Change	Percentage Change
Operating Revenue	\$ 10,295	\$ 9,226	\$ 1,069	11.6%
Non-Operating Revenue	958	1,436	(478)	-33.3%
Total Revenue	<u>\$ 11,253</u>	<u>\$ 10,662</u>	<u>\$ 591</u>	5.5%
Operating Expenses	\$ 9,654	\$ 8,640	\$ 1,014	11.7%
Depreciation	830	810	20	2.5%
Total Expenses	<u>10,484</u>	<u>9,450</u>	<u>1,034</u>	10.9%
Change in Net Position	769	1,212	(443)	-36.6%
Beginning Net Position	<u>18,496</u>	<u>17,284</u>	<u>1,212</u>	7.0%
Ending Net Position	<u>\$ 19,265</u>	<u>\$ 18,496</u>	<u>\$ 769</u>	4.2%

Expenses

Total operating expenses, including depreciation, increased by \$1,034 thousand or 11 percent for a total balance of \$10.5 million for the year ended March 31, 2023. Changes are shown below in:

**Change in Elkhart Housing Authority's Net Position
(in thousands)**

Description	2023	2022	Dollar Change	Percentage Change
Administrative Expenses	\$ 1,916	\$1,653	\$ 263	15.9%
Tenant Services	1	1	-	0.0%
Utilities Expenses	382	360	22	6.1%
Ordinary Maintenance	2,044	1,589	455	28.6%
Protective Services	70	60	10	16.7%
Insurance Expense	248	264	(16)	-6.1%
General Expenses	191	184	7	3.8%
Housing Assistance Payments	4,802	4,529	273	6.0%
Depreciation Expense	<u>830</u>	<u>810</u>	<u>20</u>	2.5%
Total Operating Expenses	<u>\$10,484</u>	<u>\$9,450</u>	<u>\$ 1,034</u>	10.9%

Expenses primarily increased in administrative expenses and ordinary maintenance, and housing assistance payments.

BUDGETARY CONTROL

Management submits a proposed operating budget for revenues and expenses for all programs, functions, activities, or objectives for the following fiscal year to the governing body ("Board"). The Board reviews, approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. The operating subsidy is dependent on the availability of federal funds.

The Authority prepares annual five-year budgets for its capital grants and project budget for other grants. Capital project budgets are approved and are adopted for five years by the Board and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five-year plan and are monitored by the Authority and HUD. Line-item variances are resolved and approved by HUD.

ECONOMICFACTORS

The Authority is primarily dependent upon HUD for its funding of operations; therefore, operating revenues are more affected by the Federal budget than by local economic conditions.

MAJOR INITIATIVES

The Elkhart Housing Authority continues to provide comprehensive service in the City of Elkhart to assure the existence of affordable housing for low to moderate income individuals and families, senior citizens, ad handicapped and disable individuals. Under the leadership of a dedicated Board of Commissioners, and the hard work of true professionals in the field of affordable housing, the Authority continues to thrive, considering the various challenges for federally subsidized housing providers. Improvements have included working hard to enhance our operations internally and seeking external funds to support our residents whenever possible.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Angelia Washington, Interim Executive Director, the Housing Authority of the City of Elkhart, Indiana 1396 Benham Ave, Elkhart, Indiana 46516 or call (574) 295-8392.

FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF FELKHART, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY TYPE FUNDS-ENTERPRISE FUNDS MARCH 31, 2023
(WITH 2022 COMPARATIVES)

	2023 Total Authority	2022 Total Authority
ASSETS		
Cash and Cash Equivalents (Unrestricted)	\$ 4,262,581	\$ 4,876,911
Cash and Cash Equivalents (Restricted)	217,534	278,864
Accounts Receivable (net allowances)	873,686	782,961
Investments	1,545,605	801,526
Prepaid, Deposits and Escrows	70,996	68,096
Inventory (net allowances) Total	<u>93,818</u>	<u>83,721</u>
Current Assets	7,064,220	6,892,079
Capital Assets, Net	<u>13,122,541</u>	<u>12,471,909</u>
Total Non-Current Assets	13,122,541	12,471,909
Total Assets	<u><u>\$ 20,186,761</u></u>	<u><u>\$ 19,363,988</u></u>
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 145,198	\$ 161,642
Accrued Liabilities-Current Deferred Revenue	191,655	116,622
Deferred Revenue	<u>414,883</u>	<u>417,935</u>
TOTAL CURRENT LIABILITIES	751,736	696,199
Accrued Liabilities-Non-Current FSS	43,908	71,862
Escrow Deposits	<u>126,424</u>	<u>100,147</u>
	170,332	172,009
TOTAL LIABILITIES	922,068	<u>868,208</u>
Invested in Capital Assets	13,122,541	12,471,909
Unrestricted Net Position	6,142,152	5,938,384
Restricted Net Position	<u>-</u>	<u>85,487</u>
TOTAL NET POSITION	19,264,693	18,495,780
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 20,186,761</u></u>	<u><u>\$ 19,363,988</u></u>

See accompanying notes to the financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION PROPRIETARY
TYPE FUNDS-ENTERPRISE FUNDS
MARCH 31, 2023 (WITH 2022 COMPARATIVES)**

	2023 Total Authority	2022 Total Authority
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,585,393	\$ 1,395,362
HUD Operating Grants	8,168,314	7,572,676
Other Income	<u>541,139</u>	<u>258,189</u>
TOTAL OPERATING REVENUES	10,294,846	9,226,227
OPERATING EXPENSES		
Administrative Expenses	1,868,535	1,652,733
Tenant Services	1,905	619
Utilities Expense	381,736	360,691
Ordinary Maintenance and Materials	2,044,410	1,589,239
Protective Services	69,786	59,670
Insurance Expense	247,681	264,027
General Expenses	190,984	183,837
Housing Assistance Payments	4,848,976	4,529,282
Depreciation Expense	<u>829,833</u>	<u>810,223</u>
TOTAL OPERATING EXPENSES	<u>10,483,846</u>	<u>9,450,321</u>
OPERATING INCOME (LOSS)	(189,000)	(224,094)
NON-OPERATING REVENUES (EXPENSES)		
Interest	<u>-</u>	<u>5,292</u>
INCOME BEFORE OTHER REVENUES (EXPENSES)	-	5,292
CAPITAL CONTRIBUTIONS		
Capital Contributions	<u>957,913</u>	<u>1,430,285</u>
TOTAL CAPITAL CONTRIBUTIONS	957,913	1,430,285
CHANGE IN NET POSITION	768,913	1,211,483
NET POSITION AT BEGINNING OF PERIOD	18,495,780	17,284,297
NET POSITION AT END OF PERIOD	<u>\$ 19,264,693</u>	<u>\$ 18,495,780</u>

See accompanying notes to the financial statements.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY TYPE FUNDS-ENTERPRISE FUNDS
MARCH 31, 2023 (WITH 2022 COMPARATIVES)

	2023	2022
	Total	Total
	Authority	Authority
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 10,199,662	\$ 9,226,227
Payments to Employees	(1,403,276)	(1,284,895)
Payments to Vendors and suppliers	<u>(8,203,816)</u>	<u>(7,453,991)</u>
Net Cash Provided by Operating Activities	592,570	487,341
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase)/Decrease in Investments	83,675	(5,204)
(Increase)/Decrease in Accrued Interest Receivable	-	-
Interest Income	<u>6,305</u>	<u>5,292</u>
Net Cash (Used In) Provided by Investing Activities	89,980	88
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grants	957,913	1,430,285
(Purchase) of Capital Assets	<u>(650,632)</u>	<u>(627,478)</u>
Net Cash(Used In)Provided by Capital and Related Activities	307,281	802,807
NET(DECREASE)INCREASEINCASHANDCASHEQUIVALENTS	\$ (675,660)	\$ 1,290,236
CASHANDCASHEQUIVALENTSATBEGINNINGOFFISCALYEAR	<u>5,155,775</u>	<u>3,865,539</u>
CASHANDCASHEQUIVALENTSATENDOFFISCALYEAR	<u>\$ 4,480,115</u>	<u>\$ 5,155,775</u>
Reconciliation to Statement of Net Assets		
Unrestricted Cash and Cash Equivalents	\$ 4,262,581	\$ 4,876,911
Restricted Cash and Cash Equivalents-Current	<u>217,534</u>	<u>278,864</u>
Cash and Cash Equivalents at end of Fiscal Year	<u>\$ 4,480,115</u>	<u>\$ 5,155,775</u>
Reconciliation of Operating Loss to Net Cash		
(Used)/Provided by Operating Activities		
Net Operating Income/(Loss)	\$ (133,721)	\$ (224,094)
Adjustments to Reconcile		
Add Back Depreciation	829,833	810,223
Prior Period Adjustment		
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	90,725	166,626
(Increase)/ Decrease in Prepaid Expenses and Deposits	2,896	16,077
(Increase)/Decrease in Material Inventory	10,251	(13,937)
Increase/(Decrease) in Accounts Payable	59,806	20,721
Increase/(Decrease) in Accrued Liabilities	(124,896)	(132,737)
Increase/(Decrease) in Deferred Revenue	(148,329)	(161,393)
Increase/(Decrease) in FSS Escrow Deposits	<u>6,005</u>	<u>5,855</u>
Net Cash Provided by Operating Activities	<u>\$ 592,570</u>	<u>\$ 487,341</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 1-Summary Of Significant Accounting Policies

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

A. Organization and Program Description

The Elkhart Housing Authority was established by the City of Elkhart pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Elkhart and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City Council, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City of Elkhart; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Elkhart Housing Authority is a separate reporting entity. All funds and programs of the Authority are included in these statements. The Authority

has a component unit consisting of two non-profit corporations, Housing Finance Corporation and Elkhart Community Housing Corporation.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into public housing and grant programs as follows:

Low Rent Housing- The low rent housing program provides subsidized housing to low-income residents. The Authority is the owner of public housing units located throughout the city. The Authority receives revenue from dwelling rental income and operating subsidies and capital repair funds from HUD. Operating subsidies are provided by HUD to assist with the cost of operating the program. "Capital Funds," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments. The low rent housing program is reported as an enterprise fund.

Section 8 Housing Choice Voucher Program- The Authority participates in the Housing Choice Voucher Program. This program is designed to provide privately owned, decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the program, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The Housing Choice Voucher program is also reported as an enterprise fund.

Blended Component Units

Consistent with applicable guidance, the criteria used by the Authority to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The Authority included organizations as component units under the following financial accountability criteria: (1) Organizations for which the Authority appoints a voting majority of the organizations governing body and for which (a) the Authority is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority. (2) A financial benefit or burden relationship between the Authority and the component unit. (3) Management of the Authority has operational responsibility for the activities of the component unit. The following is a brief description of the blended component unit meeting the above criteria that is included in the PHA's financial report entity.

The first non-profit is known as Housing Finance Corporation. The Housing Finance Corporation was formed to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

United State Housing Act of 1937 and the regulations promulgated there under. The second non-profit corporation, Elkhart Community Housing Corporation, was formed to provide affordable, decent and safe housing to low and moderate income individuals and families within the City and Elkhart County.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounts segregate funds according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time they are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

C. Fund Accounting

Accounts are organized on the basis of funds. Each fund represents a separate program with a separate set of self-balancing accounts. All funds are reported as enterprise funds and are grouped as follows:

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively called low rent housing.
- Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the housing authority for operating the program. An individual fund is used for the Housing Choice Voucher Program.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

Proprietary Funds— The Authority's operations are accounted for in a single Enterprise Fund. Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income are necessary for management accountability.

Management's 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents– Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less. Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent, housing opportunity program, component unit and housing choice voucher program for various funds restricted for tenants. The housing choice voucher program has additional restricted funds for future housing assistance payments.

Investments– Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB Statement No. 40 Deposit and Investment Risk Disclosures. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. GASB Statement No. 40 requires general disclosures by investment type with disclosures of the specific risks to which those investments are exposed. Investments exposed to credit risk, custodial credit risk, concentration of credit risk (5% of total net position), interest rate risk, and foreign currency risk must be disclosed, and the government reporting unit is required to describe their deposit or investment policies (or the lack of a policy) that relate to the risks stated above, if they are subject to them.

Custodial Credit Risk

a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned or that the Authority will not be able to recover collateral securities in the possession of an outside party.

b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Risk Management— The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Receivables— Receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible receivables are based on historical trends and periodic aging of receivables.

Inter-program Due to/from— During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund balance sheet.

Inventories— Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Capital Assets— Capital Assets consist of assets purchased or acquired at a cost of \$500 or greater. All capital assets are stated at historical costs or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets depreciated using straight-line method of depreciation over their estimated useful lives as follows:

Buildings and Improvements	10-50 years
Furniture, Fixtures and Equipment	5-15 years
Automobiles	5-15 years

Compensated Absences— The Authority allows regular full-time employees to accumulate the following compensated absences.

Sick Leave— Employees may be paid for leave taken due to illness only. Sick leave accumulates at the rate of 3.69 hours per pay period. Any employee having more than four hundred eighty (480) hours accumulated sick leave forfeits accumulated pay for any hours over four hundred eighty (480) hours.

An employee involuntarily terminated shall receive no sick leave pay. Employees who voluntarily terminate and have given a two-week notice shall be paid a lump sum or fifty percent (50%) of any accumulated sick leave.

If the separation is the result of retirement at or after the age of 59 12 and the employee has five (5) or more years of continuous service prior to retirement, and has voluntarily terminated giving a two-week notice, the employee shall be paid one hundred (100%) of his or her accumulated sick leave.

Any employee who is entitled to be away from work by reason of illness, but has no remaining paid sick leave, may use his/her annual leave. If the employee has no remaining sick or annual leave available, he/she may request leave without pay. Approval of leave without pay is solely at the discretion of the Executive Director.

Annual Leave – Annual leave with pay shall be earned by all full time employees at the following rates:

Beginning the first pay date following employment, the employees shall earn 3.08 hours of annual leave time per pay period. The employee shall continue to earn annual leave time at this rate through the end of the fifth year of continuous service.

After five (5) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 4.62 hours of annual leave time per pay period.

After ten (10) full years of continuous employment and beginning on the first pay date of the eleventh year of continuous employment, the employee shall earn 6.15 hours of annual leave time per pay period.

After fifteen (15) full years of continuous employment and beginning on the first pay date of the sixteenth year of continuous employment, the employee shall earn 7.69 hours of annual leave time per pay period.

Employees may accrue annual time up to twenty-five (25) working days (200) hours. Hours accrued in excess of 200 shall not be posted and shall not be paid. An employee involuntarily terminated will not be paid any annual leave time. Employees who voluntarily terminated and have given a two-week notice shall be paid in a lump sum for any accumulated annual leave at his or her current rate of pay, up to a maximum of 200 hours. Annual leave time shall be used by an employee for illnesses provided all sick leave has been exhausted.

Net Position– Net position is comprised of three categories: (1) net investment in capital assets, (2) restricted net assets, and (3) unrestricted net assets. Each component of net position is reported separately on the statement of net position.

THE HOUSING AUTHORITY OF THE CITY OF FELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

(1) Investment in capital assets, net of related debt – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

(2) Restricted - the component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal or state program.

(3) Unrestricted – The difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or net position restricted for federal and state programs.

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fair Value– The Authority follows GASB Statement No. 72, Fair Value Measurement. This Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures are organized by type asset or liability reported at fair value. The implementation has had no material impact on the financial statements of the Authority.

Retirement Plan– The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Hartford Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. The Housing Authority does not provide post-employment retirement benefits. As a result, there are no disclosures included in these statements as required by GASB 45.

Operating Revenues and Expenses– 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 fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expense, 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 in the non-operating revenue and expense.

Federal Awards– Federal grants for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Awards received prior to meeting revenue recognition criteria are recorded as deferred revenue. Operating grants are recorded as revenue in the year earned.

Compliance - The Authority is subject to various federal, state and local laws and regulations and contractual regulations.

Note 2-Budget Information

Enterprise Funds- The Authority is required by contractual agreements to adopt annual operating budgets for all its enterprise funds receiving federal expenditure awards. The Fiscal Services Director prepares all budgets on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Operating budgets for the year are prepared for all program activities. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

Note 3 –Cash and Cash Equivalents

Cash and cash equivalents totaled \$4,480,115 at March 31; 2023. This cash balance has an unrestricted amount of \$4,262,581 and an amount of \$217,534 which is restricted for tenant security deposits, housing assistance payments, FSS escrow and other general restrictions. The funds are maintained in commercial checking accounts and are readily available.

Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. The Authority is in compliance with all state and local laws and regulations regarding cash equivalents.

THE HOUSING AUTHORITY OF THE CITY OF FELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 4 - Accounts Receivable

March 31, 2023, accounts receivable totaled \$873,686 and consisted of the following:

Accounts Receivable-Tenants	\$ 83,385
Accounts Receivable-Fraud Recovery	22,277
Accounts Receivable-Fraud Allowance	(15,000)
Accounts Receivable-HUD	558,595
Accounts Receivable-Others	<u>224,429</u>
Total	<u><u>\$ 873,686</u></u>

The Authority reviews the accounts receivable periodically. In the fiscal year 2023, the Authority had collection losses totaling \$50,834.

All inter-fund accounts were zeroed out resulting in a \$0 inter-fund activity at the balance sheet date.

Note 5 - Investments

At March 31, 2023, investments totaled \$1,550,010, which consisted of certificates of deposit and interest at various financial institutions. The Authority's investments are stated at fair value at year-end.

To increase consistency and comparability in fair value measurements, the Authority follows GASB Statement No. 72, Fair Value Measurement, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Note 6 - Prepaid Expenses

Prepaid expenses totaled \$70,996 at March 31, 2023, and consisted of primarily prepaid insurances and other assets.

Note 7 - Material Inventories

Material inventories, net at March 31, 2023 totaled \$93,818, and consist of items used to maintain upkeep of units. Inventories are valued at average cost and cost of expendable supplies held for consumption. The cost of inventories is recorded as expenditures when consumed. Total inventory totaled \$95,247, with an allowance of \$1,429.

Note 8—Capital Assets

The changes in land, structures and equipment for the year ended March 31, 2023, were as follows:

Elkhart Housing Authority's Change in Capital Assets

	2023	2022	Dollar Change	Percentage Change
Land	\$ 1,023,922	\$ 1,023,922	\$ -	0.0%
Building	40,917,012	39,563,854	1,353,158	3.4%
Equipment	1,916,372	1,789,061	127,311	7.1%
Construction in Progress				
Accumulated Depreciation	<u>(30,734,765)</u>	<u>(29,904,928)</u>	<u>(829,837)</u>	2.8%
Total Capital Assets	<u>\$ 13,122,541</u>	<u>\$ 12,471,909</u>	<u>\$ 650,632</u>	5.2%

For fiscal year 2023 depreciation expense was \$829,837 and there was no construction in progress. Capital additions were \$1,480,469, and there were no disposals.

Note 9 -Accounts Payable

Accounts payable totaled \$156,426 at March 31, 2023, which consisted of the following:

Accounts Payable—Vendors	\$ 70,040
Tenant Security Deposits	86,386
Total	<u>\$ 156,426</u>

Total accounts payable inter-fund was offset and eliminated by accounts receivable inter fund totaling \$0.

THE HOUSING AUTHORITY OF THE CITY OF FELKHART, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 10-Accrued Liabilities

Accrued liabilities totaled \$182,356, at March 31, 2023, of which, \$138,448 is current and \$43,908 is non-current, and the breakdown is as follows:

Accrued Wages	\$	75,158
Compensated Abs.-Current		63,290
Total Current Accrued Liabilities		138,448
Compensated Abs. Non-Current		<u>43,908</u>
Total Accrued Liabilities	\$	<u>182,356</u>

The Authority recognizes leave taken as a current year's salary expense during the year in which the leave is taken. Vacation pay is not accrued for and forgiven at the end of each year.

Note 11 –Deferred Revenue

At March 31, 2023 the deferred revenue of \$414,883, and consisted of \$4,538 in prepaid rents and \$410,345 in advance HAP funds.

Note 12 –Family Self Sufficiency Escrow

At March 31, 2023 the Authority had Family and Self Sufficiency (FSS) escrow of \$126,424 of amounts due to tenants.

Note 13-Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Mass Mutual Financial Group (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. The plan may be amended at the discretion of the Board of Commissioners. For the fiscal year ended March 31, 2023, actual contributions by the Authority were 12.5% of eligible wages.

Note 14-Operating Lease Commitments

The Authority has under its normal operations entered into commitments for the purchase of maintenance, cleaning and other services. Such commitments are monthly or annual. The Authority also has certain contingent liabilities resulting from claims and commitments incident to the ordinary course of business. Management expects that final resolution of such contingencies will not materially affect the financial position of the Authority.

Note 15-Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contract from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs.

Note 16- Allocation of Cost

The Authority allocates expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units or staff in each program. Management considers this to be an equitable method of allocation.

Note 17-Subsequent Events

Management has performed an analysis of activities and transactions subsequent to March 31, 2023, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended March 31, 2023. Management has performed their analysis through October 10, 2023, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE-ENTERPRISE FUND FOR
THE YEAR ENDED MARCH 31, 2023**

	Low Rent &COCC	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2023 TOTAL
ASSETS						
CashandCashEquivalents(Unrestricted)	\$ 3,610,406	\$ 485,379	\$ -	\$ 166,796		\$4,262,581
CashandCashEquivalents(Restricted)	108,398	104,286		4,850		217,534
AccountsReivable(netallowances)	515,397	354,404		3,885		873,686
AccruedInterestReivable Investments						-
	1,545,605	-		6,205		1,551,810
Prepaid,DepositsandEscrows	61,194	3,597		-		64,791
Inventory(netallowances)	93,818	-		-		93,818
TotalCurrentAssets	5,934,818	947,666		181,736		7,064,220
						-
CapitalAssets,Net	12,587,313	43,671		491,557		13,122,541
TotalNon-CurrentAssets	12,587,313	43,671		491,557		13,122,541
						-
TotalAssets	<u>\$ 18,522,131</u>	<u>\$ 991,337</u>	<u>\$ -</u>	<u>\$ 673,293</u>	<u>\$ -</u>	<u>\$20,186,761</u>
LIABILITIESANDNETPOSITION						
AccountsPayable	\$ 68,324	\$ 21,298		\$ 4,964		\$ 94,586
AccruedLiabilities-CurrentDeferredReven	200,355	36,274		-		236,629
DeferredRevenue	10,176	410,345		-		420,521
TOTALCURRENTLIABILITIES	278,855	467,917		4,964		751,736
						-
AccruedLiabilities-Non-Current						-
FSSEscrowDeposits	63,071	107,261		-		170,332
TOTALNON-CURRENTLIABILITIES	-	-		-		-
	63,071	107,261		-		170,332
TOTAL LIABILITIES	<u>341,926</u>	<u>575,178</u>		<u>4,964</u>		<u>922,068</u>
						-
InvestedinCapitalAssets	12,587,313	43,671		491,557		13,122,541
UnrestrictedNetPosition	5,592,892	372,488		176,772		6,142,152
RestrictedNet Position	-	-		-		-
TOTALNETPOSITION	18,180,205	416,159		668,329		19,264,693
						-
TOTALLIABILITIESANDNETPOSITION	<u>\$ 18,522,131</u>	<u>\$ 991,337</u>	<u>\$ -</u>	<u>\$ 673,293</u>	<u>\$ -</u>	<u>\$20,186,761</u>

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE-ENTERPRISE FUND FOR
THE YEAR ENDED MARCH 31, 2023**

	Low Rent &COCC	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2023 TOTAL
OPERATING REVENUES						
Net Tenant Rental Revenue	\$1,567,574	\$ -	\$ -	\$ 17,819	\$ -	\$1,585,393
HUD Operating Grants	3,022,117	5,089,189	57,008	-	-	8,168,314
Management Fee	3,291,334	-	-	-	(1,645,667)	1,645,667
Other Income	<u>439,265</u>	<u>54,882</u>	<u>-</u>	<u>46,992</u>	<u>-</u>	<u>541,139</u>
TOTAL OPERATING REVENUES	8,320,290	5,144,071	57,008	64,811	(1,645,667)	13,586,180
OPERATING EXPENSES						
Administrative Expenses	2,173,654	452,223	56,240	17,664	(995,203)	1,704,578
Tenant Services	1,905	-	-	-	-	1,905
Utilities Expense	381,736	-	-	-	-	381,736
Ordinary Maintenance and Materials	2,691,364	1,997	-	1,513	(650,464)	2,044,410
Protective Services	69,786	-	-	-	-	69,786
Insurance Expense	234,981	6,625	768	5,307	-	247,681
General Expenses	316,916	25,766	-	12,259	-	354,941
Housing Assistance Payments	-	4,848,976	-	-	-	4,848,976
Depreciation Expense	<u>814,660</u>	<u>4,574</u>	<u>-</u>	<u>10,599</u>	<u>-</u>	<u>829,833</u>
TOTAL OPERATING EXPENSES	6,685,002	\$ 5,340,161	\$57,008	\$ 47,342	\$(1,645,667)	\$10,483,846
OPERATING INCOME (LOSS)	1,635,288	(196,090)	-	17,469	-	1,456,667
NON-OPERATING REVENUE (EXPENSES)	-	-	-	-	-	-
Interest	-	-	-	-	-	-
INCOME BEFORE OTHER REVENUES (EXPENSES)	-	-	-	-	-	-
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	<u>957,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>957,913</u>
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	957,913	-	-	-	-	957,913
CHANGE IN NET POSITION	2,593,201	(196,090)	-	17,469	-	2,414,580
NET POSITION AT BEGINNING OF PERIOD	17,232,671	612,249	-	650,860	-	18,495,780
NET POSITION AT END OF PERIOD	<u>\$19,825,872</u>	<u>416,159</u>	<u>\$ -</u>	<u>\$ 668,329</u>	<u>\$(1,645,667)</u>	<u>\$20,910,360</u>

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
 COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
 PROPRIETARY FUND TYPE-ENTERPRISE FUND FOR
 THE YEAR ENDED MARCH 31, 2023**

	PROGRAM OR AWARD CFDA#	FEDERAL AWARDS AMENDED	TOTAL PROGRAM EXPENDITURES
FEDERALGRANTOR			
Major Programs			
U.S. Department of Housing and Urban Development			
Housing Choice Voucher Cluster			
Housing Choice Vouchers	14.871	\$5,089,189	\$ 5,089,189
U.S. Department of Housing and Urban Development			
Low Rent Public Housing Program			
Public and Indian Housing Program	14.850	3,022,117	3,022,117
Public Housing Capital Fund Program	14.872	<u>957,913</u>	<u>957,913</u>
Total Low Rent Housing Programs		<u>3,980,030</u>	<u>3,980,030</u>
Total Major Programs		<u>9,069,219</u>	<u>9,069,219</u>
Non-Major Programs			
Resident Opportunity and Supportive Services	14.870	<u>57,008</u>	<u>57,008</u>
Total Non-Major Programs		<u>57,008</u>	<u>57,008</u>
Total All Programs		<u>\$9,126,227</u>	<u>\$ 9,126,227</u>

THE HOUSING AUTHORITY OF ELKHART, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2023

Note 1– Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Elkhart, Indiana (Authority) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the Authority's consolidated financial statements.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2023. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2023, and should be read in conjunction with the Authority's consolidated financial statements.

The Authority did not elect to use the **10%** de minimis cost rate as covered in 2CFR 200.414 Indirect (F&A) costs.

Note 2 –Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

Note 3– Sub-recipients

There were no sub-recipients for the year ended March 31, 2023.

Note 4– Loans Outstanding

There were no federal loans outstanding for the year ended March 31, 2023.

Note 5–Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended March 31, 2023.

Note 6–Insurance

The Authority had no federal insurance for the year ended March 31, 2023.

**STATEMENT OF CAPITAL FUNDS COST-COMPLETED
FOR THE YEAR ENDED MARCH 31, 2023**

**ANNUAL CONTRIBUTION CONTRACT PHASES
IN36P010501-16,17,18S&E,18,19Lead,19S&E,20S&E**

	501-16	501-17	501-18S&E	501-18	501-19Lead	501-19S&E	501-20S&E
Funds Approved	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 40,000	\$ 41,000	\$ 518,000
Funds Expended	869,951	896,531	226,000	1,392,276	40,000	41,000	518,000
Excess(Deficit) of Funds Approved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funds Advanced	\$ 869,951	\$ 896,531	\$ 226,000	\$ 1,392,276	\$ 40,000	\$ 41,000	\$ 518,000
Funds Expended	869,951	896,531	226,000	1,392,276	40,000	41,000	518,000
Excess(Deficit) of Funds Advanced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Fund Program costs for Phases IN36P010 -501-16, 17, 18S&E, 18, 19 Lead, 19 S&E, 20 S&E are shown above.

Our audit included each of the above HUD contracts which provided funding to The Housing Authority of the City of Elkhart, Indiana.

The funds were fully expended, and we noted no exception to their use as defined in the individual contracts.

SINGLE AUDIT REPORTS

Barry E. Gaudette, CPA, PC
2578 Middle Coray Circle
Marietta, GA 30066

**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
Housing Authority of the City of Elkhart
Elkhart, IN 46516

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

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 primary government business-type activities and the blended component units of the Housing Authority of the City of Elkhart, Indiana (Authority) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 10, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

October 10, 2023

**Barry E. Gaudette, CPA, PC
2578 Middle Coray Circle
Marietta, GA 30066**

**Independent Auditor's Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance, and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Elkhart
Elkhart, IN 46516

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

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

We have audited Housing Authority of the City of Elkhart (Authority), 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 Authority's major federal programs for the year ended March 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit

does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibility for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

October 10, 2023

Barry E. Gaudette, CPA, PC
2578 Middle Coray Circle
Marietta, GA 30066

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the City of Elkhart
Elkhart, IN 46516

U.S. Department of Housing and Urban
Development, Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the Elkhart, Indiana (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. 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 document listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended March 31, 2022, and have issued our report thereon dated October 10, 2023. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated October 10, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the FDS, which included the auditor's report, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit report. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Barry E. Gaudette, CPA, PC

October 10, 2023

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COST

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED MARCH 31, 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)? Yes

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)? nonereported

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

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

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.850	Public Housing Low Rent Program
14.871	Housing Choice Vouchers Program

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

Auditee qualified as low-risk auditee? Yes

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.

**THE HOUSING AUTHORITY OF FELKHART, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—CURRENT YEAR
FOR THE YEAR ENDED MARCH 31, 2023**

Section II—Financial Statement Findings

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

2023-001 Completion of Annual Recertifications

Deficiency in Internal Control
Non-Compliance

Condition: Public Housing: Tenants Annual Recertifications are not being completed as prescribed by HUD.

Criteria: HUD Multifamily Occupancy Handbook Chapter 7 Recertification, Unit Transfers-and Gross Rent Changes requires annual recertifications be completed by the tenant's recertification anniversary date. The recertification anniversary date is the first day of the month in which the tenant moved into the property. HUD approval must be received to perfect an alternate anniversary date. Annual recertifications must be completed by the tenant's recertification anniversary date.

Effect: A family's eligibility for assistance is based on its income, as determined in accordance with program rules. If recertifications are not timely completed, residents could be living in the incorrect sized units or paying the incorrect rent amount. Changes in income or family composition can affect the amount of assistance a tenant is eligible to receive and the amount the tenant pays for rent.

Because a tenant's income and family composition can change over time, program requirements establish procedures for addressing these changes. Such changes are examined and implemented through the recertification process. Under program requirements, tenants have responsibilities for providing timely information about these changes. Similarly, the PHA staff and owners have responsibilities for promptly reviewing and verifying this information and for making changes in assistance payments or tenant rent consistent with program requirements.

Cause: The Authority's Public housing staff is not completing the annual recertification with all required documentation in time.

Auditor's Recommendation: The Authority's staff must tailor a system of perfecting the recertification process which adheres to the HUD rules which governs this process.

View of Responsible Officials: We agree with the finding and are undertaking steps to bring our processes into compliance with the HUD's prescribed procedures.

Section III—Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2023.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-PRIOR YEAR
FOR THE YEAR ENDED MARCH 31, 2023**

Section IV–Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2022.

Section V–Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2022.

**THE HOUSING AUTHORITY OF FELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2023**

Barry E. Gaudette, CPA, PC audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF ELKHART, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED MARCH 31, 2023**

Barry E. Gaudette, CPA, PC audited the Authority's compliance with the Public Housing Assessment System Program and did not observe any material instances of noncompliance.

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Subtotal	ELIM	Total
111 Cash-Unrestricted	\$4,262,581		\$4,262,581
112 Cash-Restricted-Modernization and Development	\$4,724		\$4,724
113 Cash-Other Restricted	\$126,424		\$126,424
114 Cash-Tenant Security Deposits	\$86,386		\$86,386
115 Cash-Restricted for Payment of Current Liabilities			
100 Total Cash	\$4,480,115	\$0	\$4,480,115
121 Accounts Receivable-PHA Projects	\$2,407		\$2,407
122 Accounts Receivable-HUD Other Projects	\$558,595		\$558,595
124 Accounts Receivable-Other Government			
125 Accounts Receivable- Miscellaneous	\$151,642		\$151,642
126 Accounts Receivable-Tenants	\$83,385		\$83,385
126.1 Allowance for Doubtful Accounts-Tenants	\$0		\$0
126.2 Allowance for Doubtful Accounts-Other	\$0		\$0
127 Notes, Loans, & Mortgages Receivable-Current	\$66,575		\$66,575
128 Fraud Recovery	\$22,277		\$22,277
128.1 Allowance for Doubtful Accounts- Fraud	-\$15,000		-\$15,000
129 Accrued Interest Receivable	\$3,805		\$3,805
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$873,686	\$0	\$873,686
131 Investments-Unrestricted	\$1,545,605		\$1,545,605
132 Investments-Restricted			
135 Investments-Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$70,996		\$70,996
143 Inventories	\$95,247		\$95,247
143.1 Allowance for Obsolete Inventories	-\$1,429		-\$1,429

	Subtotal	ELIM	Total
144Inter Program Due From			
145Assets Held for Sale			
150Total Current Assets	\$7,064,220	\$0	\$7,064,220
161Land	\$1,023,922		\$1,023,922
162Buildings	\$40,917,012		\$40,917,012
163Furniture, Equipment & Machinery- Dwellings	\$129,703		\$129,703
164Furniture, Equipment & Machinery-Administration	\$1,786,669		\$1,786,669
165Leasehold Improvements			
166Accumulated Depreciation	-\$30,734,765		-\$30,734,765
167Constructionin Progress			
168Infrastructure			
160Total Capital Assets, Net of Accumulated Depreciation	\$13,122,541	\$0	\$13,122,541
171Notes, Loans and Mortgages Receivable-Non-Current			
172Notes, Loans, & Mortgages Receivable-Non Current-Past			
173Grants Receivable-Non Current			
174Other Assets			
176Investments in Joint Ventures			
180Total Non-Current Assets	\$13,122,541	\$0	\$13,122,541
200Deferred Outflow of Resources			
290Total Assets and Deferred Outflow of Resources	\$20,186,761	\$0	\$20,186,761
311Bank Overdraft			

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$70,040		\$70,040
313 Accounts Payable > 90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$75,158		\$75,158
322 Accrued Compensated Absences-Current Portion	\$63,290		\$63,290
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable-HUDPHA Programs			
332 Account Payable-PHA Projects			
333 Accounts Payable-Other Government			
341 Tenant Security Deposits	\$86,386		\$86,386
342 Unearned Revenue	\$41,979		\$41,979
343 Current Portion of Long-term Debt-Capital			
344 Current Portion of Long-term Debt-Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities-Other	\$4,538		\$4,538
347 Inter Program-Due To			
348 Loan Liability-Current			
310 Total Current Liabilities	\$341,391	\$0	\$341,391
351 Long-term Debt, Net of Current-Capital Projects/Mortgage			
352 Long-term Debt, Net of Current-Operating Borrowings			
353 Non-current Liabilities-Other	\$126,424		\$126,424
354 Accrued Compensated Absences-Non Current	\$43,908		\$43,908
355 Loan Liability-Non Current			
356 FASB5 Liabilities			
357 Accrued Pension and OPEB Liabilities			

	Subtotal	ELIM	Total
350Total Non-Current Liabilities	\$170,332	\$0	\$170,332
300Total Liabilities	\$511,723	\$0	\$511,723
400Deferred Inflow of Resources	\$410,345		\$410,345
508.4Net Investment in Capital Assets	\$13,122,541		\$13,122,541
511.4Restricted Net Position			
512.4Unrestricted Net Position	\$6,142,152	\$0	\$6,142,152
513Total Equity- Net Assets/Position	\$19,264,693	\$0	\$19,264,693
600Total Liabilities, Deferred Inflows of Resources and Equity-	\$20,186,761	\$0	\$20,186,761

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,476,980		\$1,476,980
70400 Tenant Revenue- Other	\$108,413		\$108,413
70500 Total Tenant Revenue	\$1,585,393	\$0	\$1,585,393
70600 HUD PHA Operating Grants	\$8,168,314		\$8,168,314
70610 Capital Grants	\$957,913		\$957,913
70710 Management Fee	\$797,173	-\$797,173	\$0
70720 Asset Management Fee	\$80,640	-\$80,640	\$0
70730 Book Keeping Fee	\$117,390	-\$117,390	\$0
70740 Front Line Service Fee	\$650,464	-\$650,464	\$0
70750 Other Fees			
70700 Total Fee Revenue	\$1,645,667	-\$1,645,667	\$0
70800 Other Government Grants			
71100 Investment Income- Unrestricted	\$95,184		\$95,184
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$2,650		\$2,650
71500 Other Revenue	\$443,305		\$443,305
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income-Restricted			
70000 Total Revenue	\$12,898,426	-\$1,645,667	\$11,252,759
91100 Administrative Salaries	\$1,016,337		\$1,016,337
91200 Auditing Fees	\$21,400		\$21,400

	Subtotal	ELIM	Total
91300Management Fee	\$797,173	-\$797,173	\$0
91310Book-keeping Fee	\$117,390	-\$117,390	\$0
91400Advertising and Marketing	\$3,980		\$3,980
91500Employee Benefit contributions- Administrative	\$299,030		\$299,030
91600Office Expenses	\$64,083		\$64,083
91700Legal Expense	\$52,797		\$52,797
91800Travel	\$848		\$848
91810Allocated Overhead			
91900Other	\$239,811		\$239,811
91000Total Operating-Administrative	\$2,612,849	-\$914,563	\$1,698,286
92000Asset Management Fee	\$80,640	-\$80,640	\$0
92100Tenant Services-Salaries			
92200Relocation Costs			
92300Employee Benefit Contributions-Tenant Services			
92400Tenant Services-Other	\$1,905		\$1,905
92500Total Tenant Services	\$1,905	\$0	\$1,905
93100Water	\$98,889		\$98,889
93200Electricity	\$188,139		\$188,139
93300Gas	\$87,465		\$87,465
93400Fuel			
93500Labor			
93600Sewer	\$7,243		\$7,243
93700Employee Benefit Contributions-Utilities			
93800Other Utilities Expense			

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Subtotal	ELIM	Total
93000 Total Utilities	\$381,736	\$0	\$381,736
94100 Ordinary Maintenance and Operations-Labor	\$386,939		\$386,939
94200 Ordinary Maintenance and Operations-Materials and	\$220,216		\$220,216
94300 Ordinary Maintenance and Operations Contracts	\$1,977,307	-\$650,464	\$1,326,843
94500 Employee Benefit Contributions-Ordinary Maintenance	\$110,412		\$110,412
94000 Total Maintenance	\$2,694,874	-\$650,464	\$2,044,410
95100 Protective Services-Labor			
95200 Protective Services-Other Contract Costs	\$69,786		\$69,786
95300 Protective Services-Other			
95500 Employee Benefit Contributions-Protective Services			
95000 Total Protective Services	\$69,786	\$0	\$69,786
96110 Property Insurance	\$167,385		\$167,385
96120 Liability Insurance	\$31,112		\$31,112
96130 Workmen's Compensation	\$13,846		\$13,846
96140 All Other Insurance	\$35,338		\$35,338
96100 Total insurance Premiums	\$247,681	\$0	\$247,681
96200 Other General Expenses	\$2,228		\$2,228
96210 Compensated Absences	\$125,663		\$125,663
96300 Payments in Lieu of Taxes	\$12,259		\$12,259
96400 Bad debt- Tenant Rents	\$50,834		\$50,834
96500 Bad debt-Mortgages			
96600 Bad debt - Other			

	Subtotal	ELIM	Total
96800Severance Expense			
96000Total Other General Expenses	\$190,984	\$0	\$190,984
96710Interest of Mortgage (or Bonds) Payable			
96720Interest on Notes Payable (Short and Long Term)			
96730Amortization of Bond Issue Costs			
96700Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900Total Operating Expenses	\$6,280,455	-\$1,645,667	\$4,634,788
97000Excess of Operating Revenue over Operating Expenses	\$6,617,971	\$0	\$6,617,971
97100Extraordinary Maintenance			
97200Casualty Losses- Non-capitalized	\$170,249		\$170,249
97300Housing Assistance Payments	\$4,802,278		\$4,802,278
97350HAPPortability-In	\$46,698		\$46,698
97400Depreciation Expense	\$829,833		\$829,833
97500Fraud Losses			
97600Capital Outlays- Governmental Funds			--
97700Debt Principal Payment-Governmental Funds			--
97800Dwelling Units Rent Expense			
90000Total Expenses	\$12,129,513	-\$1,645,667	\$10,483,846
10010Operating Transfer In	\$367,469	-\$367,469	\$0
10020Operating transfer Out	-\$367,469	\$367,469	\$0
10030Operating Transfers from/to Primary Government			

Housing Authority of the City of Elkhart (IN026)

Elkhart, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project-In			
10094 Transfers between Project and Program-Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$768,913	\$0	\$768,913
11020 Required Annual Debt Principal Payments	\$0		\$0
11030 Beginning Equity	\$18,495,780		\$18,495,780
11040 Prior Period Adjustments, Equity Transfers and	\$0		\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts-Dwelling			
11100 Changes in Allowance for Doubtful Accounts-Other			
11170 Administrative Fee Equity	\$416,159		\$416,159
11180 Housing Assistance Payments Equity	\$0		\$0
11190 Unit Months Available	16872		16872

	Subtotal	ELM	Total
11210Number of Unit Months Leased	15724		15724
11270Excess Cash	\$4,768,791		\$4,768,791
11610Land Purchases	\$0		\$0
11620Building Purchases	\$1,353,158		\$1,353,158
11630Furniture & Equipment-Dwelling Purchases	\$54,870		\$54,870
11640Furniture & Equipment-Administrative Purchases	\$72,442		\$72,442
11650Leasehold, Improvements Purchases	\$0		\$0
11660Infrastructure Purchases	\$0		\$0
13510CFFP Debt Service Payments	\$0		\$0
13901Replacement Housing Factor Funds	\$0		\$0