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AN EQUAL OPPORTUNITY EMPLOYER

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July 31, 2024

Board of Directors
Angola Housing Authority
Steuben County, Indiana

We have reviewed the report of the Angola Housing Authority, which was opined upon by Barry E. Gaudette, CPA, PCJ, Independent Public Accountant, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Angola Housing Authority as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Tammy R. White, CPA
Deputy State Examiner

**ANGOLA HOUSING AUTHORITY
STEUBEN COUNTY, INDIANA
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

ANGOLA HOUSING AUTHORITY
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DECEMBER 31, 2023

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INTRODUCTION

Independent Auditor's Report

Board of Commissioners
Angola Housing Authority
Steuben County, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Angola Housing Authority (the "Authority"), as of and for the year ended December 31, 2023 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, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for the twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental data, including the financial data schedule are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PCF

July 2, 2024

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Unaudited)

Introduction

This Management's Discussion and Analysis (MD&A) of the Angola Housing Authority (Authority), provides an introduction and overview to the financial statements of the Angola Housing Authority for the fiscal year ended December 31, 2023. The Angola Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2023, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Angola Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program. The Low Rent Public Housing Program consists of 188 dwelling units at 2 sites. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The Capital Fund Program (CFP) is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements

The overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)

Overview of the Financial Statements - continued

- The *Restricted* component of Net Position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- The *Unrestricted* component of Net Position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2023, to determine the net change in Net Position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2023.

Financial Highlights

The Authority's Net Position increased from \$4,959,681 to \$5,596,316, an increase of \$636,635, or 13%. Total liabilities decreased by \$157,425, or 40%.

Total revenue increased from \$1,518,742 to \$1,878,366, an increase of \$359,624.

Total expenses increased by \$29,531, from \$1,212,200 to \$1,241,731 for the current year.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of Net Position for the year ended December 31, 2023 and December 31, 2022.

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)

Summary Statement of Net Position
As of December 31, 2023, and 2022

Category	12/31/2023	12/31/2022	Change \$	Change %
Current Assets	\$ 2,243,975	\$ 2,087,381	\$ 156,594	8%
Fixed Assets (Net of depreciation)	3,557,542	3,273,158	284,384	9%
Total Assets	5,801,517	5,360,539	440,978	8%
Deferred Outflow of Resources	46,740	23,394	23,346	100%
Current Liabilities	141,669	316,267	(174,599)	(55)%
Non Current Liabilities	99,174	82,000	17,174	21%
Total Liabilities	240,842	398,267	(157,425)	(40)%
Deferred Inflow of Resources	11,099	25,985	(14,886)	(57)%
Unrestricted	2,041,104	1,867,163	173,941	9%
Net Investment in Capital Assets	3,555,212	3,092,518	462,694	15%
Total Net Position	5,596,316	4,959,681	636,635	13%

Current Assets

The Authority's current asset balances increased \$156,594 or 8%. Unrestricted cash increased to \$1,757,917, an increase of \$82,307 in the current year due to total operating expense exceeding operating revenues. Receivables increased \$63,857 primarily due to the accrual of capital grant funds in the amount of \$40,000 and increased tenant receivables and fraud recovery net of allowance for doubtful accounts in the amount of \$23,211.

Fixed Assets

The Authority's fixed asset balances increased \$282,054 or 9%, from \$3,273,158 to \$3,557,542 in 2023. This increase is primarily due to the renovations and projects that the Authority has done throughout the year, less accumulated depreciation, explained in further detail in the Capital Assets section.

Current Liabilities

The Authority's current liability balances decreased by \$174,599 or 55%. This was primarily due to the reduction of the Authority's debt obligation in the amount of \$180,640 that was paid off during the year.

Noncurrent Liabilities

The Authority's noncurrent liability balances increased by \$17,174. This was due to an increase in pension liability from \$82,000 to \$99,174, or 21%.

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)

Net Position

The Net Position of the Authority increased by \$636,635 from the previous fiscal year.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2023, and 2022

Category	12/31/2023	12/31/2022	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 736,027	\$ 647,212	\$ 88,815	14%
Government Operating Grants	641,796	698,827	(57,031)	(8)
Capital Grants	492,727	124,679	368,048	295
Other Revenue	3,950	45,525	(41,575)	(91)
Interest Income	3,866	2,499	1,367	55
Total Revenue	1,878,366	1,518,742	359,624	24
Expenses:				
Administration	256,482	216,133	40,349	19
Utilities	138,759	144,580	(5,821)	(4)
Ordinary Maintenance	283,370	285,246	(1,876)	(1)
Protective Services	6,173	5,513	660	12
General Insurance Expense	251,959	196,463	55,496	28
Nonroutine Maintenance	5,000	-	5,000	100
Depreciation	295,695	357,250	(61,555)	(17)
Interest Expense	4,293	7,015	(2,722)	(39)
Total Expenses	1,241,731	1,212,200	29,531	2
Excess (Deficiency) Before				
Special Items	636,635	306,542	330,093	108
Special Item/Casualty Losses	0	30,863	(30,863)	(100)
Change in Net Position	636,635	275,679	360,956	131
Net Position, Beginning of Year	4,959,681	4,684,002	275,679	6
Net Position, End of Year	\$ 5,596,316	\$ 636,635	\$ 636,635	13%

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)

Results of Operations

Revenues of the Authority are generated principally from federal funding grant income. The Authority's revenue increased by \$359,624 compared to the previous fiscal year. Significant variances include the following:

- Tenant revenue increased by \$88,815. This was due to the average tenant rent increasing from \$310 to \$350.
- Operating revenue related to operating subsidy decreased by \$57,031 or 8% from the previous year.
- Capital grant revenue increased by \$368,048. This was due to an increase in capital improvements projects.
- Other revenue decreased by \$41,575 or 91%. This is due primarily to insurance proceeds received in the prior year.

Total expenses increased by \$29,531. Significant variances include the following:

- Administration costs increased by \$40,349. This was primarily due to increased administrative salaries and benefits in the amount of \$19,026. Other expenses increased \$16,947.
- General and insurance expenses increased by \$55,496, or 28%. Insurance costs increased in the amount of \$9,823, PILOT increased by \$9,680, and tenant bad debt increased by \$32,900.

Capital Assets

As of December 31, 2023, the Authority's net investment in capital assets was \$3,555,212. This investment includes land, building improvements, equipment, and construction in progress, net of accumulated depreciation.

Summary Statement of Capital Assets
Years Ended December 31, 2023, and 2022

Category	12/31/2023	12/31/2022	Change \$	Change %
Land	\$ 826,661	\$ 826,661	\$ 0	0%
Buildings	13,186,635	12,647,238	539,397	4%
Equipment	365,499	362,580	2,919	1%
Construction in progress	38,500	8,310	30,190	363%
Accumulated depreciation	(10,862,083)	(10,571,631)	(290,452)	3%
Total Net Fixed Assets	\$ 3,555,212	\$ 3,273,158	282,054	9%

Angola Housing Authority
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)

Capital Assets (continued)

- Buildings increased by \$539,397 during the current fiscal year. This change was due unit rehabilitations and HVAC units funded by both operating and capital funds.
- Equipment increased by \$2,919 due to the purchase of a workbench funded by operations.
- Construction in progress consists of unit improvements funded by capital funds.

Subsequent Event

As of the time of this analysis, HUD has not finalized the funding levels for the 2024 calendar year. The operating subsidy for the Low Rent Housing Program will be funded at an estimated 98.4%.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Angola Housing Authority
Layk Thomas, Executive Director
617 Williams Street
Angola, IN 46703

FINANCIAL STATEMENTS

Angola Housing Authority
Statement of Net Position
December 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,785,492
Accounts receivable-tenants, net	67,285
Fraud recovery, net	23,202
Accrued interest receivable	1,230
Investments	253,189
Prepaid expenses and other assets	99,026
Inventories, net	<u>14,551</u>
Total Current Assets	<u>2,243,975</u>

Capital Assets:

Land	826,661
Buildings	13,186,635
Equipment	365,499
Construction in progress	<u>38,500</u>
	14,417,295
Less: accumulated depreciation	<u>(10,862,083)</u>
Net Capital Assets	<u>3,555,212</u>

Deferred Outflow of Resources

46,740

Total Assets and Deferred Outflow of Resources

\$ 5,848,257

LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 86,991
Accrued expenses	9,954
Tenant security deposit liability	27,575
Unearned revenue	<u>17,148</u>
Total Current Liabilities	141,668

Non-Current Liabilities:

Accrued pension	<u>99,174</u>
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Total Liabilities

240,842

Deferred inflow of resources

11,099

Net Position:

Net investment in capital assets	3,555,212
Unrestricted net position	<u>2,041,104</u>
Total Net Position	<u>5,596,316</u>

Total Liabilities, Deferred Inflow of Resources and Net Position

\$ 5,848,257

See notes to financial statements

Angola Housing Authority
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended December 31, 2023

OPERATING REVENUES:

Dwelling rent	\$ 731,272
Tenant revenue-other	4,755
Operating grants	<u>641,796</u>
Total operating revenues	<u>1,377,823</u>

OPERATING EXPENSES:

Administrative	256,482
Utilities	138,759
Maintenance	283,370
Protective services	6,173
Insurance	89,920
Other general expenses	162,039
Interest expense	4,293
Extraordinary maintenance	5,000
Depreciation	<u>295,695</u>
Total operating expenses	<u>1,241,731</u>

Operating income (loss)	<u>136,092</u>
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NONOPERATING REVENUES:

Investment interest income – Unrestricted	3,866
Other revenue	<u>3,950</u>
Total non-operating revenues	<u>7,816</u>

CAPITAL CONTRIBUTIONS

	<u>492,727</u>
Change in net position	636,635
Net Position, beginning	<u>4,959,681</u>
Net Position, ending	<u>\$ 5,596,316</u>

See notes to financial statements

Angola Housing Authority
Statement of Cash Flows
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and non dwelling rents	\$	724,865
Cash received from operating grants		601,796
Cash payments to other suppliers of goods and services		(614,284)
Cash payments to employees for services		(308,794)
Cash payments for payments in lieu of taxes		(49,571)
		354,012
Net cash provided by operating activities		354,012

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Tenant security deposits		(2,400)
Fraud recovery		(12,336)
		(14,736)
Net cash (used) by noncapital financing activities		(14,736)

CASH FLOWS FROM CAPITAL ACTIVITIES:

Capital outlays		(576,943)
Debt payments		(180,640)
Capital contributions		492,727
		(264,856)
Net Cash (used) by capital activities		(264,856)

CASH FLOWS FROM INVESTING ACTIVITIES:

Other revenue		3,950
Receipts of interest income – unrestricted		3,220
Investments increased		(1,683)
		5,487
Net cash provided by investing activities		5,487

Net increase (decrease) in cash		79,907
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Cash and cash equivalents, beginning		1,705,585
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Cash and cash equivalents, ending		\$ 1,785,492
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See notes to financial statements

Angola Housing Authority
Statement of Cash Flows (Continued)
Year Ended December 31, 2023

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

Operating income (loss)	\$	136,092
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		295,695
Allowance for doubtful accounts		22,253
Allowance for obsolete inventory		785
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-HUD		(40,000)
Accounts receivable-tenants		(36,263)
Inventories		(7,844)
Prepaid expenses		(4,088)
Deferred outflow of resources		(23,346)
Increase (decrease) in liabilities:		
Accounts payable-trade		1,313
Accounts payable-PILOT		9,680
Accrued wages/payroll taxes payable		(2,208)
Accrued liabilities		(4,985)
Other current liabilities		1,793
Unearned revenue		2,848
Accrued pension		17,174
Deferred inflow of resources		(14,887)
		(14,887)
Net cash provided by operating activities	\$	354,012

See notes to financial statements

Angola Housing Authority
Notes to Financial Statements
December 31, 2023

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

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

1. Reporting Entity

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

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 188 federal public housing units through this program.

Public Housing Capital Fund

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

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

1. Basis of Presentation and Accounting

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

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

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

2. Budgets and Budgetary Accounting

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

3. Cash and Cash Equivalents

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

4. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

5. Prepaid Expenses

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

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

6. Compensated Absences

Housing Authority employees are granted vacation days in varying amounts based on tenure with the Housing Authority. Employees are also granted nine personal days in addition to their vacation days. In the event of termination by retirement or death, an employee is paid for accumulated personal days according to personnel policies.

7. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended December 31, 2023, there were no inter-program receivables and payables and there were no operating transfers during the year.

8. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	5	-	40 years
Equipment	3	-	10 years

Land and land improvements include approximately \$826,661 of capitalized land that is not subject to depreciation.

10. Inventories

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

11. Income Taxes

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

12. Use of Estimates

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

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

13. Operating Revenues and Expenses

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

14. Deferred Outflows/Inflows of Resources

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

15. Unearned Revenue

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

16. Comparative Data

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

17. Net Position

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

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

17. Net Position (Continued)

- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

18. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including July 2, 2024, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

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

The Housing Authority has designated two banks for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of checking accounts, money market accounts, and certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Cash and cash equivalents balance was as follows:

Cash – operations	\$ 2,038,681
Total	<u>\$ 2,038,681</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of December 31, 2023:

Bank deposits (checking, savings, and certificate of deposit accounts)	\$ 2,038,581
Petty cash	<u>100</u>
Total	<u>\$ 2,038,681</u>

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

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Balance 12/31/22</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 12/31/23</u>
Low Rent Program				
Land	\$ 826,661	\$ 0	\$ 0	\$ 826,661
Buildings	12,647,238	539,397	0	13,186,635
Furniture, equipment & dwellings	195,635	0	0	195,635
Furniture, equipment & machinery - administration	166,945	2,919	0	169,864
Construction in progress	8,310	30,190	0	38,500
	<u>13,844,789</u>	<u>\$ 572,506</u>	<u>\$ 0</u>	<u>14,417,295</u>
Less accumulated depreciation	<u>(10,571,631)</u>	<u>\$ (295,695)</u>	<u>\$ 5,243</u>	<u>(10,862,083)</u>
Total	<u>\$ 3,273,158</u>			<u>\$ 3,555,212</u>

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

Business-type activities:

Low Rent Program \$ 295,695

NOTE D: NON-CURRENT LIABILITIES

As of December 31, 2023, the non-current liabilities are comprised of the following:

Accrued pension \$ 99,174

The following is a summary of changes in non-current liabilities for the year ended December 31, 2023

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/23</u>	<u>Amounts Due within One Year</u>
Accrued pension	\$ 82,000	\$ 17,174	\$ 0	\$ 99,174	\$ 0
Long-term debt	180,640	0	(180,640)	0	0
	<u>\$ 262,640</u>	<u>\$ 17,174</u>	<u>\$ (180,640)</u>	<u>\$ 99,174</u>	<u>\$ 0</u>

NOTE E: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

At December 31, 2023, the Housing Authority had the following capital fund grants:

	<u>IN36P039501-22</u>	<u>IN36P039501-20</u>	<u>IN36P039501-21</u>
Funds Approved	\$ 472,245	\$ 365,619	\$ 382,703
Funds Expended	<u>(267,072)</u>	<u>(365,619)</u>	<u>(380,963)</u>
	<u>\$ 205,173</u>	<u>\$ 0</u>	<u>\$ 1,740</u>
Funds Advance (HUD Grants)	\$ 267,072	\$ 365,619	\$ 380,963
Funds Expended	<u>(267,072)</u>	<u>(365,619)</u>	<u>(380,963)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for the 2020 CFP agree with the costs shown on Form HUD-53001. The 2023 CFP Fund Approved were \$472,916 but none were expended as of December 31, 2023.

Contingencies

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

NOTE F: RETIREMENT PLAN

Description of Pension Plan

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

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

NOTE F: RETIREMENT PLAN (CONTINUED)

Benefits Provided

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

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

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

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

In lieu of a cost of living adjustment (COLA) on January 1, 2023, members in pay were provided a 13th check on October 1, 2023. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2026

0.5% beginning on January 1, 2034

0.6% beginning on January 1, 2039

The PERF hybrid plan also provides disability and survivor benefits.

Contributions

Each member is required to contribute to a Defined Contribution Account at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest based on the investment elections of each member until such time as they are withdrawn or annuitized by the member.

The Defined Contributions Account benefit is in addition to the annuity benefits provided by employer contributions. During FYE 2018 the Defined Contribution Accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

NOTE F: RETIREMENT PLAN (CONTINUED)

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

December 31, 2023 the Housing Authority reported a liability of \$99,174 for its proportionate share of the net position liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the Housing Authority's proportion was 0.0000281%.

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

For the year ended December 31, 2023, the Housing Authority recognized pension expense of \$10,845.

At December 31, 2023, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,029	\$ 0
Net differences between projected and actual earnings on pension plan investments	22,731	0
Change in assumptions	5,408	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,447	11,099
Adjustment	12,125	0
Total	\$ 46,740	\$ 11,099

NOTE F: RETIREMENT PLAN (CONTINUED)

Pension Expense/(Income)

Proportionate Share of Plan Pension Expense	\$	20,133
Specific Liabilities of Individual Employers		0
Net Amortization of Deferred Amounts from Changes in		(9,288)
Total	\$	<u>10,845</u>

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

<u>Year ended:</u>	<u>Amortization of net Deferred outflows (inflows) or resources</u>
2024	\$ 4,901
2025	(403)
2026	15,923
2027	3,095
2028	0
Thereafter	0
Total	<u>\$ 23,516</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2023
Economic Assumptions	
1. Investment return	6.6% per year, compounded annually
2. Inflation	2.00% per year
3. Salary increase	Wage inflation 2.65%, Merit 8.65%
4. Cost-of-living adjustment (COLA)	Members in pay were granted a 1.00%, no COLA Effective January 1, 2026 for the next biennium. Therefore, the following COLAs, compounded annually, were assumed:
	0.4% beginning on January 1, 2026
	0.5% beginning on January 1, 2034
	0.6% beginning on January 1, 2039
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019.

NOTE F: RETIREMENT PLAN (CONTINUED)

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

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

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase To Discount Rate (7.25%)
Proportionate share of the net pension liability	<u>\$ 161,623</u>	<u>\$ 99,174</u>	<u>\$ 47,105</u>

Payables to the Pension Plan

At December 31, 2023, the Housing Authority reported a payable of \$82,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

Net Pension Liability as of 2022	\$ 82,000
:	
Deferred Outflow/inflow of Resources:	
- Differences Between Expected and Actual Experience	573
- Net Difference Between Projected and Actual Investment	12,611
- Change in Assumptions	(2,190)
- Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	15,113
Pension Expense/Income	10,845
Contributions	<u>(19,778)</u>
Total Activity in FY 2023	<u>17,174</u>
Net Pension Liability as of 2023	<u>\$ 99,174</u>

The pension information is not audited.

NOTE G: RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

Independent Accountant’s Report on Applying Agreed-Upon Procedure

To the Board of Commissioner
Angola Housing Authority

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

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

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

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Angola Housing Authority as of and for the year ended December 31, 2023, and have issued our reports thereon dated July 2, 2024. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated July 2, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

Independent Accountant’s Report on Applying Agreed-Upon Procedure

Page Two

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

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

Barry E. Gaudette, CPA, PC

July 2, 2024

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

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

Angola Housing Authority
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended December 31, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor	Type	Federal ALN #	Expenditures
<u>U.S. Department of HUD</u>			
Public and Indian Housing:			
Public Housing Program	A - Major	14.850	\$ 641,796
Public Housing Capital Fund	B – Nonmajor	14.872	<u>492,727</u>
Total Federal Financial Awards			<u>\$ 1,134,523</u>
Threshold for Type A/Type B Program			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended December 31, 2023. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

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

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

To the Board of Housing Commissioners
Angola Housing Authority
Steuben County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Angola Housing Authority, Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Angola Housing Authority, Indiana’s basic financial statements, and have issued our report thereon dated July 2, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barry E. Gaudette, CPA, PC

July 2, 2024

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

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

To the Board of Housing Commissioners
Angola Housing Authority
Steuben County, Indiana

Opinion on Each Major Federal Program

We have audited the Angola Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 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, Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's

Responsibilities of Management 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 Responsibilities for the Audit of 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 is *not* a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect, 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 GAAS, *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 believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Angola Housing Authority, Indiana's compliance.

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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

July 2, 2024

**Angola Housing Authority
Status of Prior Audit Findings
December 31, 2023**

There were no prior year findings.

Angola Housing Authority
Schedule of Findings and Questioned Costs
December 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)? none reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

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

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

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

Identification of major programs;

<i>ALN Number</i>	<i>Name of Federal Program or Cluster</i>
14.850	Low Rent Program Public Housing

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.