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July 31, 2024

Board of Commissioners
Housing Authority of the County of Delaware
Delaware County, Indiana

We have reviewed the audit report of the Housing Authority of the County of Delaware, which was opined upon by Barry E. Gaudette, CPA, PC, 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 the Housing Authority of the County of Delaware 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.

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

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

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

Tammy R. White, CPA
Deputy State Examiner

**HOUSING AUTHORITY OF THE COUNTY OF DELAWARE
MUNCIE, INDIANA
FINANCIAL STATEMENTS**

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

HOUSING AUTHORITY OF THE COUNTY OF DELAWARE
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DECEMBER 31, 2023

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INTRODUCTION

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the County of Delaware
Muncie, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Delaware County 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and 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 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 May 16, 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, PC

May 16, 2024

Housing Authority of the County of Delaware
Management’s Discussion and Analysis (MD&A)
December 31, 2023
(Unaudited)

As management of Delaware County Housing Authority we offer reviewers of this audit report this narrative discussion and analysis of Delaware County Housing Authority’s financial activities for the fiscal year ended December 31, 2023. This discussion and analysis letter of Delaware County Housing Authority’s financial performance should be read in conjunction with the auditor’s opinion letter and the following financial statements.

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

FINANCIAL HIGHLIGHTS

The term “net position” refers to the difference between assets and liabilities. The Housing Authority’s total net position as of December 31, 2023 was \$1,598,949. The net position increased by \$229,319, an increase of 16.7% over the prior year.

Revenues and contributions for the Housing Authority were \$2,594,080 for the year ended December 31, 2023. This was an increase of \$283,406 or 12.3% over the prior year.

Expenses for the Housing Authority were \$2,363,196 for the year ended December 31, 2023. This was an increase of \$125,003 or 5.6% over the prior year.

HUD operating grants were \$1,975,800 for the year ended December 31, 2023. This was an increase of \$196,334 or 11.0% over the prior year. All but \$105,191 of the capital grants were classified in operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Housing Authority of the County of Delaware
Management’s Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Financial Statements

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

All of the current year’s revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of the 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.

**Housing Authority of the County of Delaware
Management’s Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

FUND STATEMENTS (Continued)

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 also has the ability to use up to 100% of these funds, if need be, to supplement Operating Subsidies, since the Housing Authority is considered a “small” PHA. 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 subsidy to the Housing Authority to enable the Housing Authority to set the rental rates at 30% to 40% of a participant’s income.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government’s financial position. As stated in the following table, assets exceeded liabilities by \$1,598,943 at the close of the year ended December 31, 2023 an increase from \$1,369,630 in 2022.

The unrestricted net position was \$512,933 as of December 31, 2023. If the amount was positive, it could be used to meet the Housing Authority’s ongoing obligations. The Housing Authority had a net position classified as restricted in the amount of \$1,912 that are subject to external restrictions on how they may be used. The restricted assets consist of excess funding in the Housing Choice Voucher program. At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position.

**Housing Authority of the County of Delaware
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

FINANCIAL ANALYSIS (Continued)

CONDENSED STATEMENTS OF NET POSITION

	<u>12/31/23</u>	<u>12/31/22</u>	<u>Dollar Change</u>
Current and other assets	\$ 783,464	\$ 539,214	\$ 244,250
Capital assets, net	1,084,104	1,095,064	(10,960)
Noncurrent assets	4,899	0	4,899
Deferred outflow of resources	<u>64,758</u>	<u>53,398</u>	<u>11,360</u>
Total Assets	<u>1,937,225</u>	<u>1,687,676</u>	<u>249,549</u>
Current liabilities	116,087	110,717	5,370
Noncurrent liabilities	<u>217,414</u>	<u>191,761</u>	<u>25,653</u>
Total Liabilities	<u>333,501</u>	<u>302,478</u>	<u>31,023</u>
Deferred inflow of resources	<u>4,775</u>	<u>15,568</u>	<u>(10,793)</u>
Equity:			
Net Investment in capital assets	1,084,104	1,095,064	(10,960)
Restricted net position	1,912	452	1,460
Unrestricted net position	<u>512,933</u>	<u>274,114</u>	<u>238,819</u>
Total Equity – net assets/position	<u>\$ 1,598,949</u>	<u>\$ 1,369,630</u>	<u>\$ 229,319</u>

Total current assets increase of \$244,250 was due, in large part to an increase in cash flows of \$256,260.

Current liabilities increased by \$5,370, in large part, due to accrued wages/payroll taxes payable increasing by \$4,279 over the prior year.

The noncurrent liabilities increased by \$25,653, due in large part, to an increase in the accrued pension liability of \$20,465.

The largest portion of the Housing Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Housing Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

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

**Housing Authority of the County of Delaware
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

FINANCIAL ANALYSIS (Continued)

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

	<u>12/31/23</u>	<u>12/31/22</u>	<u>Change</u>
Revenues and contributions			
Operating, non operating, and capital contributions:			
Tenant Revenue	\$ 472,970	\$ 455,209	\$ 17,761
Non dwelling rent	30,866	26,901	3,965
Total PHA generated Reve	503,836	482,110	21,726
HUD operating grants	1,975,800	1,779,466	196,334
Capital grants	105,191	30,374	74,817
Interest income	1,543	477	1,066
Other revenue	7,710	18,247	(10,537)
Total Revenues and Contributions	<u>2,594,080</u>	<u>2,310,674</u>	<u>283,406</u>
Expenses			
Personnel services	660,713	617,632	43,081
Tenant services	452	418	34
Utilities	154,663	207,919	(53,256)
Maintenance	121,550	158,277	(36,727)
Protective services	9,063	8,166	897
Insurance	114,351	102,418	11,933
Other supplies and expenses	126,944	116,619	10,325
Housing Assistance Payments	1,054,721	898,403	156,318
Depreciation	120,739	128,341	(7,602)
Total Expenses	<u>2,363,196</u>	<u>2,238,193</u>	<u>125,003</u>
Change in net position	230,884	72,481	155,149
Beginning equity	1,369,630	1,297,149	72,481
Prior period adjustment	(1,565)	0	(1,565)
Ending equity	<u>\$ 1,598,949</u>	<u>\$ 1,369,630</u>	<u>\$ 229,319</u>

Revenues:

As can be seen in the above table total revenues and contributions increased by \$283,406, in large part, due to Federal grants increasing by \$271,151.

**Housing Authority of the County of Delaware
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

FINANCIAL ANALYSIS (Continued)

Housing Authority of the County of Delaware's primary revenue sources are subsidies and grants received by HUD. Please note that Capital Fund Program grants are classified as either soft cost revenue or hard cost revenue. The Housing Authority classified 64.4% of the Capital Grants as soft costs for this year. For the year ending December 31, 2023, revenue generated by the Housing Authority accounted for \$503,836 (or 19% of total revenue), while HUD contributions accounted for \$2,080,991 (or 80% of total revenue).

Expenses:

Total expenses for the fiscal year ending December 31, 2023 were \$2,363,196, while for the year ending December 31, 2022 they were \$2,238,193. This represents a 5.6% increase in our operating costs. The expenses increased, in large part, because of an increase in Housing Assistance Payments of \$156,318 and a increase in personnel services of \$43,081 compared to the prior year.

The following represents changes in Federal Assistance received:

	<u>12/31/23</u>	<u>12/31/22</u>	<u>Dollar Change</u>
Public Housing Operating Subsidy	\$ 604,657	\$ 607,315	\$ (2,658)
Capital Fund Program	295,355	215,378	79,977
Section 8 Housing Choice Voucher Program	1,180,979	987,147	193,832
Total	<u>\$ 2,080,991</u>	<u>\$ 1,809,840</u>	<u>\$ 271,151</u>

The above chart is segregated as to the Program source of funds, not the use of funds. The subsidy for Public Housing decreased mainly due HUD decreasing its funding formula amount for the Housing Authority. The Housing Choice Voucher Program increased slightly due to higher incomes for tenants. The increase in the Capital Fund Program was due to the CFP grant expended this year was higher than the prior year.

Budget Analysis:

A Low Rent Public Housing Operating Budget for the fiscal year ending December 31, 2023 was presented to and approved by the Board of Commissioners. Actual results were in line with the budgeted amounts.

**Housing Authority of the County of Delaware
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

OPERATIONAL HIGHLIGHTS

Housing Authority of the County of Delaware provided the following housing for low-income individuals and families:

	12/31/23	12/31/22
Low Rent Public Housing Program	162	162
Section 8 Housing Choice Voucher Program	160	160

The Housing Authority had a lease up rate of 98.9% in the Low Rent program for the year. The Voucher program had 160 vouchers under lease (HAP Contract) as of December 31, 2023.

CAPITAL ASSETS

Delaware County Housing Authority's investment in capital assets, as of December 31, 2023 amounts to \$1,084,104 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment.

**CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
December 31,**

	2023	2022	Dollar Change
Land	\$ 26,384	\$ 26,384	\$ 0
Buildings	8,829,690	8,770,985	58,705
Furniture, equipment and machinery			
- Dwellings	227,346	222,759	4,587
Furniture, equipment and machinery			
- Administration	266,192	256,918	9,274
Building improvements	1,937,348	1,937,348	0
Construction in progress	143,070	105,857	37,213
	11,430,030	11,320,251	109,779
Accumulated depreciation	(10,345,926)	(10,225,187)	(120,739)
Total	\$ 1,084,104	\$ 1,095,064	\$ (10,960)

Capital assets decreased by \$(10,960) because of depreciation of \$(120,739) and capital outlays of \$109,779.

During the fiscal year ending December 31, 2023, our Capital Fund Program was used for building improvements, refrigerator replacements, a stove, replace 4 washers and dryers.

**Housing Authority of the County of Delaware
Management's Discussion and Analysis (MD&A)
December 31, 2023
(Continued)**

CAPITAL ASSETS (CONTINUED)

Capital projects planned for the next year include the following:

The planned capital expenditures for the next year will be used for updating the buildings.

Further detail available in the Notes to the financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

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

REQUEST FOR INFORMATION

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

Nome Marienau, Executive Director
Housing Authority of the County of Delaware
2401 South Haddix Avenue
Muncie, Indiana 47302,7547

FINANCIAL STATEMENTS

Housing Authority of the County of Delaware
Statement of Net Position
December 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$ 774,772
Accounts receivable, net	5,544
Inventories, net	3,148
Total Current Assets	783,464

Capital Assets:

Land	26,384
Buildings	8,829,690
Equipment	493,538
Building improvements	1,937,348
Construction in progress	143,070
	11,430,030
Less: accumulated depreciation	(10,345,926)
Net Capital Assets	1,084,104

Other assets	4,899
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Deferred outflow of resources	64,758
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Total Assets	\$ 1,937,225
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LIABILITIES and EQUITY

Current Liabilities:

Accounts payable	\$ 18,990
Accrued expenses	33,658
Tenant security deposit liability	58,201
Unearned revenue	5,238
Total Current Liabilities	116,087

Non-Current Liabilities:

Noncurrent liabilities-other	3,592
Accrued compensated absences	6,650
Accrued pension liability	207,172
	217,414

Total Non-Current Liabilities	217,414
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Total Liabilities	333,501
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Deferred inflow of resources	4,775
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Equity:

Net investment in capital assets	1,084,104
Restricted net position	1,912
Unrestricted net position	512,933
Total Equity – Net Assets/Position	1,598,949

Total Liabilities and Equity – Net Assets/Position	\$ 1,937,225
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See notes to financial statements

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

OPERATING REVENUES:

Dwelling rent	\$ 472,970
Non dwelling rent	30,866
Operating grants	<u>1,975,800</u>
Total operating revenues	<u>2,479,636</u>

OPERATING EXPENSES:

Administrative	565,168
Tenant services	452
Utilities	154,663
Maintenance	306,198
Protective services	9,063
Insurance	114,351
General expenses	37,841
Housing assistance payments	1,054,721
Depreciation	<u>120,739</u>
Total operating expenses	<u>2,363,196</u>

Operating income (loss) 116,440

NONOPERATING REVENUES:

Investment interest income	1,543
Other revenue	<u>7,710</u>
Total non operating revenues	<u>9,253</u>

CAPITAL CONTRIBUTIONS

	<u>105,191</u>
Change in net position	230,884
Prior period adjustment	(1,565)
Equity, beginning	<u>1,369,630</u>
Equity, ending	<u><u>\$ 1,598,949</u></u>

See notes to financial statements

Housing Authority of the County of Delaware
Statement of Cash Flows
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and non dwelling rents	\$ 507,604
Cash received from operating grants	1,975,800
Cash payments to other suppliers of goods and services	(1,570,795)
Cash payments to employees for services	<u>(805,263)</u>
Net cash provided by operating activities	<u>107,346</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Tenant security deposits	1,654
Prior period adjustments	<u>(1,565)</u>
Net cash provided by noncapital financing activities	<u>89</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING

Payments for capital acquisitions	(109,779)
Capital contributions	<u>105,191</u>
Net cash (used) by capital and related financing activities	<u>(4,588)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Other revenue	7,343
Receipts of interest income	<u>1,543</u>
Net cash provided by investing activities	<u>8,886</u>
Net increase (decrease) in cash	260,647
Cash and cash equivalents, beginning	<u>514,125</u>
Cash and cash equivalents, ending	<u>\$ 774,772</u>

See notes to financial statements

Housing Authority of the County of Delaware
Statement of Cash Flows (Continued)
Year Ended December 31, 2023

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

Operating income (loss)	\$	116,440
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		120,739
Allowance for doubtful accounts		(27)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		582
Prepaid expenses		16,307
Inventories		(98)
Other assets		(4,899)
Deferred outflow of resources		(11,360)
Increase (decrease) in liabilities:		
Accounts payable-trade		(4,719)
Accrued wages/payroll taxes payable		4,279
Accrued compensated absences		1,773
Noncurrent liabilities		3,592
Other current liabilities		766
Accrued pension liability		20,465
Unearned revenue		3,213
Deferred inflow of resources		(10,793)
		(10,793)
Net cash provided by operating activities	\$	256,260

See notes to financial statements

Housing Authority of the County of Delaware
Notes to Financial Statements
December 31, 2023

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

Delaware County Housing Authority (“Housing Authority”) is an independent municipal entity created by the County of Delaware in 1939 pursuant to Indiana state law and the National Housing Act of 1937. Although the Housing Authority maintains close ties with the County of Delaware in several respects, the Housing Authority is not a component unit of the County, as defined by the Governmental Accounting Standards Board, since the County is not financially accountable for the operations of the Housing Authority, and has no responsibility to fund its deficits or receive its surpluses. The Housing Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of seven members, all County of Delaware residents, appointed by the County Board. The Board appoints an Executive Director who acts as the Secretary of the Housing Authority.

1. Reporting Entity

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

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 162 federal public housing units through this program.

Public Housing Capital Fund

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

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

1. Reporting Entity (Continued)

Section 8 Housing Choice Vouchers

HUD provides grants to the Housing Authority to subsidize rents paid by low income families and issued vouchers affording them choices in renting from private landlords. The Housing Authority subsidizes the landlord for the differences between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. This program provided rental assistance to approximately 160 families and individuals this year.

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

3. Measurement Focus

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

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

5. Budgets and Budgetary Accounting

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

6. Cash and Cash Equivalents

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

7. Tenant Accounts Receivable and Allowance for Bad Debts

Tenant accounts receivable are stated at net rent amounts. Tenant accounts generally are collectible as long as the tenant is occupying the unit; thus, no allowance for bad debts has been established by management. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit and after procedures have been followed to recover outstanding amounts, is charged as a reduction of rental revenue.

8. 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.

9. Compensated Absences

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

10. 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 due from the Housing Choice Voucher Program to the Low Rent Program, there was \$156,883 in operating transfers from the Capital Fund Program to the Low Rent Program.

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

11. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$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	10	-	40 years
Building improvements	7	-	20 years
Site improvements	5	-	20 years
Equipment and furnishings	5	-	15 years

Land and land improvements include approximately \$26,384 of capitalized land that is not subject to depreciation.

12. Income Taxes

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

13. 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.

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.

The Housing Authority has an item that qualifies for reporting in these categories. This item represents the amount that has been advanced to the Housing Authority for Federal operating grants in the Housing Choice Voucher Program for future use.

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

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.
- 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 May 16, 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.

HACD has designated one bank and one credit union, for the deposit of its funds. HACD's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations	\$	774,772
Certificate of deposit		<u>0</u>
Total	\$	<u>774,772</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 accounts)	\$	774,672
Petty cash		<u>100</u>
Total	\$	<u>774,772</u>

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, HACD's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk. At year end, HACD had no bank deposits (checking accounts) 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	\$ 26,384	\$ 0	\$ 0	\$ 26,384
Buildings	8,770,985	58,705	0	8,829,690
Furniture, equipment & machinery - Dwellings	222,759	4,587	0	227,346
Furniture, equipment & machinery - Administration	235,405	9,274	0	244,679
Building improvements	1,937,348	0	0	1,937,348
Construction in progress	105,857	37,213	0	143,070
	<u>11,298,738</u>	<u>\$ 109,779</u>	<u>\$ 0</u>	<u>11,408,517</u>
Less accumulated Depreciation	<u>(10,204,743)</u>	<u>\$ (119,852)</u>	<u>\$ 0</u>	<u>(10,324,595)</u>
Total	<u>\$ 1,093,995</u>			<u>\$ 1,083,922</u>
 Housing Choice Voucher Program				
Furniture, equipment & machinery - Administration	<u>\$ 21,513</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,513</u>
	21,513	<u>\$ 0</u>	<u>\$ 0</u>	21,513
Less accumulated Depreciation	<u>(20,444)</u>	<u>\$ (887)</u>	<u>\$ 0</u>	<u>(21,331)</u>
	<u>\$ 1,069</u>			<u>\$ 182</u>
Combined Totals				<u>\$ 1,084,104</u>

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

Business-type activities:	
Low Rent Program	\$ 119,852
Housing Choice Voucher Program	887
	<u>\$ 120,739</u>

NOTE D: NON-CURRENT LIABILITIES

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

Accrued compensated absences- noncurrent portion	\$	6,650
Noncurrent liabilities-other		3,592
Accrued pension		81,977
	\$	<u>92,219</u>

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 compensated absences	\$ 5,054	\$ 1,596	\$ 0	\$ 6,650	\$ 739
Other	0	3,592	0	3,592	0
Accrued pension	186,707	20,465	0	207,172	0
	<u>\$ 191,761</u>	<u>\$ 25,653</u>	<u>\$ 0</u>	<u>\$ 217,414</u>	<u>\$ 739</u>

NOTE E: RETIREMENT PLAN

Description of Pension Plan

Delaware County 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.

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.

NOTE E: RETIREMENT PLAN (CONTINUED)

Benefits Provided (continued)

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, 2020. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2023

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

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10 ,2-2-11. During 2023, all participating employers contributed an average of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended September 30, 2023 was \$3,145. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion. The annuity savings account benefit is in addition to the annuity benefits provided by employer contributions. During 2018, the annuity savings accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

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

At June 30, 2023, the Housing Authority reported a liability of \$207,172 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 0.0000587%, which was a decrease of 0.0000036% from its proportion measured as of June 30, 2022.

NOTE E: RETIREMENT PLAN (CONTINUED)

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 \$39,670:

At July 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	\$ 4,239	\$ 0
Net differences between projected and actual earnings on pension plan investments	47,484	0
Changes in assumptions	11,297	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,738	4,775
Total	\$ 64,758	\$ 4,775

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

Year ended:	Amortization of net Deferred outflows (inflows) or resources
2024	\$ 20,124
2025	2,228
2026	31,164
2027	6,467
2028	0
Thereafter	0
Total	\$ 59,983

NOTE E: RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

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

Type of Plan	The Public Employees' Retirement Fund is a cost-sharing multiple-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2023
Valuation Date:	
Assets:	June 30, 2023
Liabilities:	June 30, 2022-The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.00%
Future Salary Increases	2.65%-8.65% based on service
Cost-of-Living Increases	As of June 30, 2023: No COLA was granted for the 2023-2025 biennium.
Discount Rate	6.25%, net of investment expenses:
Salary Increases:	
Inflation	2.00% and 2.65%-8.65% based on service
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019. Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females, Retirees - General Retiree table with a 3 year set forward for males and 1 year set forward for females, Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females. Disableds – General Disabled table with a 140% loan.

NOTE E: RETIREMENT PLAN (CONTINUED)

Single Discount Rate

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

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

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

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase To Discount Rate (7.25%)
Delaware County HA proportionate share of the net pension liability	<u>\$ 337,624</u>	<u>\$ 207,172</u>	<u>\$ 98,400</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at https://www.in.gov/inprs/files/INPRSConsolidated_CAFR_FY20.pdf.

Payables to the Pension Plan

At December 31, 2023, the Housing Authority reported a payable of \$207,172 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

The pension information is not audited.

NOTE F: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

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

	<u>IN36P004501-20</u>	<u>IN36P004501-21</u>	<u>IN36P004501-22</u>
Funds Approved	\$ 264,016	\$ 279,393	\$ 342,093
Funds Expended	(264,016)	(273,004)	(200,106)
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 6,389</u>	<u>\$ 141,987</u>
Funds Advanced (HUD Grants)	\$ 264,016	\$ 273,004	\$ 200,106
Funds Expended	(264,016)	(273,004)	(200,106)
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 the financial statements.

Contingencies

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

NOTE G: RISK MANAGEMENT

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

NOTE H: PRIOR PERIOD ADJUSTMENT

There is a prior period adjustment to correct for an error in the amount of \$(1,565).

SUPPLEMENTARY INFORMATION

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

Independent Accountant’s Report on Applying Agreed-Upon Procedure

To the Board of Commissioners
Housing Authority of the County of Delaware

We have performed the procedure described in the second paragraph of this report, which was agreed to by Delaware County 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 Delaware County Housing Authority as of and for the year ended December 31, 2023, and have issued our reports thereon dated May 16, 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 May 16, 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 Delaware County Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

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

Barry E. Gadette, CPA, PC

May 16, 2024

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor</u>	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>U.S. Department of HUD</u>			
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	A – Major	14.871	\$ 1,056,181
Ongoing Administrative Fees Earned	B – Major	14.871	124,798
Subtotal Housing Voucher Cluster			<u>1,180,979</u>
Public and Indian Housing:			
Public Housing Program	B –Nonmajor	14.850	604,657
Public Housing Capital Fund	B –Nonmajor	14.872	295,355
			<u>\$ 2,080,991</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 May 16, 2024. 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.

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**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
Housing Authority of the County of Delaware
Muncie, 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 Delaware County Housing Authority, Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements. Which collectively comprise Delaware County Housing Authority, Indiana's basic financial statements, and have issued our report thereon dated May 16, 2024.

Internal Control Over Financial Reporting

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

May 16, 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
Housing Authority of the County of Delaware
Muncie, Indiana

Report on Compliance for Each Major Federal Program

We have audited Delaware County Housing Authority, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each Delaware County Housing Authority, Indiana's major federal programs for the year ended December 31, 2023. Delaware County Housing Authority, Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Delaware County Housing Authority, Indiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delaware County Housing Authority, Indiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Delaware County Housing Authority, Indiana's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Delaware County Housing Authority, Indiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Delaware County Housing Authority, Indiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Delaware County Housing Authority, Indiana's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barry E. Gaudette, CPA, PC

May 16, 2024

**Housing Authority of the County of Delaware
Status of Prior Audit Findings
December 31, 2023**

There were no prior year findings.

**Housing Authority of the County of Delaware
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>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
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14.871	Housing Choice Vouchers Program
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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.