



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 5, 2025

Board of Commissioners
Housing Authority of the City of East Chicago
Lake County, Indiana

We have reviewed the audit report of Housing Authority of the City of East Chicago, which was opined upon by Velma Butler & Company, Ltd., 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 Housing Authority of the City of East Chicago, 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, Velma Butler & Company, Ltd., prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2023,
INCLUDING SINGLE AUDIT REPORTS
AND SUMMARY OF AUDITORS' RESULTS

VELMA BUTLER & COMPANY, LTD.
Certified Public Accountants and Consultants



HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of East Chicago
East Chicago, IN 46516

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

Opinion

We have audited the accompanying financial statements of the primary government business type activities and the component unit of the Housing Authority of the City of East Chicago, Indiana (Authority), which comprise the statement of net position as of December 31, 2023, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government and the discretely presented component unit of the Authority, as of 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our 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 basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

We are required to communicate 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose for forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanied financial data schedules and 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, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The accompanying supplementary information such as financial data schedules and schedule of expenditures of federal awards is the responsibility of management and was derived from 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 accompanying supplementary information is 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 September 20, 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 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 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.

Summarized Comparative Information

We previously audited the Authority's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements dated August 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Velma Butler & Company, Ltd.
Chicago, Illinois
September 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of East Chicago, Indiana (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on December 31, 2023. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended December 31, 2023. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Total assets were \$20.3 million at December 31, 2023, and increased by \$3.4 million from \$16.9 million at December 31, 2022, mainly due to increase in cash.
- Net capital assets were \$11.5 million at December 31, 2023, an increase of \$800 thousand from \$10.7 million at December 31, 2022. The increase is primarily due to purchases in furniture and equipment and building and improvements.
- Total liabilities decreased by \$307 thousand to \$5.1 million at December 31, 2023 from \$5.4 million at December 31, 2022. The decrease is due to the reduction in payables and accruals.

- Total net position was \$15.1 million at December 31, 2023, an increase of \$3.6 million from prior year balance of \$11.5 million.
- Total revenue was \$18.3 million at December 31, 2023, an increase of \$3.2 million from the December 31, 2022, balance of \$15.1 million for a change of 21.4 percent.
- Total expenses increased by \$1.7 million to \$14.7 million at December 31, 2023 from \$13 million at December 31, 2022, for a change of 13.2 percent.

USING THIS REPORT

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as an enterprise fund whose operations include the low rent, housing choice voucher programs, and a blended component unit.

Fund Financial Statements are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's funds only consisted of a *Proprietary Fund*.

The Authority's *Proprietary Fund* is comprised of enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Low-Rent Public Housing - Under the Low Rent Housing Program, the Authority rents units it owns to low-income families. The Low Rent Public Housing Program is operated under an annual contribution contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a family's adjusted gross household income.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the authorities housing stock.

Section 8 Housing Choice Vouchers - The Housing Choice Voucher is the federal government's programs for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The programs are administered locally by public housing authorities (PHAs). The PHAs receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

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

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

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

Table 1
East Chicago Housing Authority's Net Position
(in thousands dollars)

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent of Change</u>
Current Assets	\$ 6,008	\$ 6,113	\$ (105)	-1.7%
Non-Current Assets	2,700	33	2,667	8081.8%
Capital Assets, Net	11,545	10,745	800	7.4%
Total Assets	<u>\$ 20,253</u>	<u>\$ 16,891</u>	<u>\$ 3,362</u>	19.9%
Current Liabilities	\$ 1,397	\$ 1,698	\$ (301)	-17.7%
Other Non Current Liabilities	3,718	3,724	(6)	-0.2%
Total Liabilities	<u>5,115</u>	<u>5,422</u>	<u>(307)</u>	-5.7%
Invested in Capital Assets, Net	7,887	7,010	877	12.5%
Unrestricted	7,147	4,234	2,913	68.8%
Restricted	104	225	(121)	-53.8%
Total Net Position	<u>15,138</u>	<u>11,469</u>	<u>3,669</u>	32.0%
Total Liab. and Net Position	<u>\$ 20,253</u>	<u>\$ 16,891</u>	<u>\$ 3,362</u>	19.9%

As shown in Table 1, the Authority's total net position at December 31, 2023, was approximately 15.1 million, a 32 percent increase from the December 31, 2022, balance of \$11.5 million.

Capital Assets

Capital assets increased by approximately \$799 thousand from \$10.7 million to \$11.5 million, as shown in the table below:

Table 2
East Chicago Housing Authority's Capital Assets

	December 31, 2022	Additions and Transfers in	December 31, 2023
Land	\$ 922,428	\$ (39,660)	\$ 882,768
Building & Improvements	33,411,942	812,649	34,224,591
Furniture and Equipment	1,008,666	1,140,341	2,149,007
Construction in Progress	208,076	(208,076)	-
(Less) Accumulated Depr.	(24,805,720)	(905,855)	(25,711,575)
Total Capital Assets	\$ 10,745,392	\$ 799,399	\$ 11,544,791

Depreciation expense was \$905,855, which includes amortization expense from leased assets and construction in progress was \$0 at fiscal year end. Capital additions were \$1,705,254 and disposals totaled \$0. Additional information can be found in the notes to the financial statements.

Revenues

As shown in Table 3, the Authority's total revenues increased by \$3.2 million or 21.4 percent to \$18.4 million for the year ended December 31, 2023.

Table 3
Change in East Chicago Housing Authority's Net Position
(in thousands)

Description	2023	2022	Change	Percent of Change
Operating Revenue	\$ 13,945	\$ 12,980	\$ 965	7.4%
Non-Operating Revenue	4,441	2,159	2,282	105.7%
Total Revenue	18,386	15,139	3,247	21.4%
Operating Expenses	13,828	12,201	1,627	13.3%
Depreciation	888	803	85	10.6%
Total Expenses	14,716	13,004	1,712	13.2%
Change in Net Position	3,670	2,135	1,535	71.9%
Beginning Net Position	11,468	9,333	2,135	22.9%
Ending Net Position	\$ 15,138	\$ 11,468	\$ 3,670	32.0%

Expenses

Total operating expenses, including depreciation, increased by \$1.7 million or 13.2 percent for a total balance of \$14.7 million for the year ended December 31, 2023. Changes are shown below in Table 4:

Table 4
East Chicago Housing Authority's Operating Expenses
(in thousands)

Description	2023	2022	Change	Percent of Change
Administrative Expenses	\$ 2,553	\$ 2,486	\$ 67	2.7%
Tenant Services	68	286	(218)	-76.2%
Utilities Expenses	412	456	(44)	-9.6%
Ordinary Maintenance	1,650	1,782	(132)	-7.4%
Protective Services	96	154	(58)	-37.7%
Insurance Expense	335	365	(30)	-8.2%
General Expenses	522	487	35	7.2%
Interest Expenses	139	163	(24)	-14.7%
Housing Assistance Payments	8,286	6,022	2,264	37.6%
Casualty Losses - Non-capitalized	(233)	-	(233)	0.0%
Depreciation Expense	888	803	85	10.6%
Total Operating Expenses	<u>14,716</u>	<u>13,004</u>	<u>1,712</u>	13.2%

Expenses primarily decreased in tenant services due to reduction in relocation of residents, administrative expenses and maintenance due to closure of a property.

BUDGETARY CONTROL

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

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

ECONOMIC FACTORS

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

MAJOR INITIATIVES

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chonn Whiting, Finance Director, the Housing Authority of the City of East Chicago, Indiana 4444 Railroad Ave, East Chicago, Indiana 46312 or call (219) 397-9974.

FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
DECEMBER 31, 2023 (with 2022 comparative totals)

EXHIBIT A

	2022 TOTAL AUTHORITY	2022 TOTAL AUTHORITY
ASSETS		
Cash and Cash Equivalents (Unrestricted)	\$ 4,608,032	\$ 3,308,016
Cash and Cash Equivalents (Restricted)	235,789	649,504
Accounts Receivable (net allowances)	618,152	1,535,841
Investments	55,527	54,472
Prepaid, Deposits and Escrows	160,446	210,447
Inventory (net allowances)	330,657	354,768
TOTAL CURRENT ASSETS	6,008,603	6,113,048
Other Assets	-	32,590
Notes Receivable	2,700,000	-
Capital Assets, Net	11,544,791	10,745,392
TOTAL NON-CURRENT ASSETS	14,244,791	10,777,982
TOTAL ASSETS	\$ 20,253,394	\$ 16,891,030
Deferred Outflows of Resources	-	-
LIABILITIES AND NET POSITION		
Accounts Payable	\$ 1,072,940	\$ 1,237,256
Tenant Security Deposits	127,161	143,426
Deferred Revenue	25,980	24,751
Accrued Liabilities - Current	90,661	214,747
Notes Payable - Current	80,446	77,485
TOTAL CURRENT LIABILITIES	1,397,188	1,697,665
Accrued Liabilities - Non-Current	140,790	
FSS Escrow Deposits		56,177
Notes Payable - Long-Term	3,577,545	3,668,252
TOTAL NON-CURRENT LIABILITIES	3,718,335	3,724,429
TOTAL LIABILITIES	5,115,523	5,422,094
Deferred Inflows of Resources	-	-
Invested in Capital Assets	7,886,800	7,009,915
Unrestricted Net Position	7,147,533	4,233,683
Restricted Net Position	103,538	225,338
TOTAL NET POSITION	15,137,871	11,468,936
TOTAL LIABILITIES AND NET POSITION	\$ 20,253,394	\$ 16,891,030

See accompanying notes to the financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023 (with 2022 comparative totals) EXHIBIT B

	2023 TOTAL AUTHORITY	2022 TOTAL AUTHORITY
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,548,089	\$ 1,779,779
HUD Operating Grants	11,558,613	9,408,564
Other Income	838,154	1,791,360
TOTAL OPERATING REVENUES	13,944,856	12,979,703
OPERATING EXPENSES		
Administrative Expenses	2,552,788	2,485,786
Tenant Services	68,662	286,140
Utilities Expense	412,056	456,510
Ordinary Maintenance and Materials	1,649,739	1,782,360
Protective Services	96,275	153,608
Insurance Expense	334,712	365,155
General Expenses	521,743	487,285
Interest	139,616	162,568
Housing Assistance Payments	8,285,662	6,021,646
Extraordinary Maintenance	272	-
Casualty Losses - Non-capitalized	(233,384)	-
Depreciation Expense	888,285	802,606
TOTAL OPERATING EXPENSES	14,716,426	13,003,664
OPERATING INCOME (LOSS)	(771,570)	(23,961)
NON-OPERATING REVENUES (EXPENSES)		
Interest	63	1,283
INCOME BEFORE OTHER REVENUES (EXPENSES)	63	1,283
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	4,341,702	606,423
Gain/(Loss) Disposal of Equipment	98,740	1,551,767
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	4,440,442	2,158,190
CHANGE IN NET POSITION	3,668,935	2,135,512
NET POSITION AT BEGINNING OF PERIOD	11,468,936	9,333,424
NET POSITION AT END OF PERIOD	\$ 15,137,871	\$ 11,468,936

See accompanying notes to the financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY TYPE FUNDS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023 (with 2022 comparative totals) EXHIBIT C

	2023	2022
	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 13,944,856	\$ 12,979,703
Payments to Employees	(1,894,764)	(2,236,914)
Payments to Vendors and Suppliers	(13,827,811)	(10,502,295)
Net Cash Provided by Operating Activities	<u>(1,777,719)</u>	<u>240,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Investments	(1,055)	(670)
Interest Income	63	1,283
Net Cash (Used In) Provided by Investing Activities	<u>(992)</u>	<u>613</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grants	4,341,702	606,423
(Purchase) of Capital Assets	(1,697,944)	(439,366)
Gain/(Loss) on Disposal of Assets	98,740	1,551,767
Advance/(Payment) on Notes Payable	(77,486)	(74,223)
Net Cash (Used In) Provided by Capital and Related Activities	<u>2,665,012</u>	<u>1,644,601</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>886,301</u>	<u>1,885,708</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	<u>3,957,520</u>	<u>2,071,812</u>
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	<u>\$ 4,843,821</u>	<u>\$ 3,957,520</u>
Reconciliation to Statement of Net Assets		
Unrestricted Cash and Cash Equivalents	\$ 4,608,032	\$ 3,308,016
Restricted Cash and Cash Equivalents - Current	235,789	649,504
Cash and Cash Equivalents at end of Fiscal Year	<u>\$ 4,843,821</u>	<u>\$ 3,957,520</u>
Reconciliation of Operating Loss to Net Cash (Used) / Provided by Operating Activities		
Net operating Income/(Loss)	\$ (771,570)	\$ (23,691)
Adjustments To Reconcile		
Add Back Depreciation	888,285	802,606
Prior Period Adjustment	-	-
Change in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	917,689	350,818
(Increase)/Decrease in Prepaid Expenses and Deposits	50,001	(16,331)
(Increase)/Decrease in Material Inventory	24,111	(52,326)
(Increase)/Decrease in Other Assets	32,590	(32,590)
(Increase)/Decrease in Notes Receivable	(2,700,000)	
Increase/(Decrease) in Accounts Payable	(180,581)	(697,877)
Increase/(Decrease) in Accrued Liabilities	16,704	7,524
Increase/(Decrease) in Deferred Revenue	1,229	(37,874)
Increase/(Decrease) in FSS Escrow Deposits	(56,177)	(59,765)
Net Cash Provided by Operating Activities	<u>\$ (1,777,719)</u>	<u>\$ 240,494</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES		
Interest Paid During the Year	<u>\$ 139,616</u>	<u>\$ 162,568</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
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Note 1 - Summary Of Significant Accounting Policies

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

A. Organization and Program Description

The Housing Authority was established January 25, 1965 by the City of East Chicago pursuant to the laws of the State of Indiana, as a municipal corporation (IC36-7-18-14), to transact business and to have powers as defined therein to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

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

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of East Chicago is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has a component unit that is presented in these financial statements under the blended method.

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

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

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

Various Other Grant Programs - The Authority participates in Resident Opportunity for Self Sufficiency (ROSS), and receives Local funding, which assists the needs of the residents.

B. Reporting Entity

The reporting entity for the Authority includes its Enterprises Funds. The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most funding is provided by the United States Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

Component Units

Blended Component Units

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

The following is a brief description of the blended component unit meeting the above criteria that is included in the PHA's financial report entity.

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
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FOR THE YEAR ENDED DECEMBER 31, 2023**

The first non-profit is known as Managed East Chicago Housing Authority (MECHA). MECHA was formed to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the United State Housing Act of 1937 and the regulations promulgated there under. The second non-profit corporation, East Chicago Community Housing Corporation, was formed to provide affordable, decent and safe housing to low and moderate income individuals and families within the City and East Chicago County.

Separate financial statements for MECHA can be obtained by contacting the Executive Director of the Housing Authority of the City of East Chicago, Indiana.

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

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

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

D. Fund Accounting

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

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program, each capital fund phase, and the central office cost center. The funds are collectively called low rent housing.
- Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the housing authority for operating the program. An individual fund is use for the Housing Choice Voucher Program.
- Various other programs which the Authority operates, including Residential Opportunity and Self Sufficiency, blended component units, and other various state and local programs are accounted for in individual funds.

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Management’s Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

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

Custodial Credit Risk

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

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
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Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

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

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

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

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

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

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

Capital Assets - Capital Assets consist of assets purchased or acquired at a cost of \$5,000 or greater and an estimated useful life of one year or greater. All capital assets are stated at historical costs or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets depreciated using straight-line method of depreciation over their estimated useful lives as follows:

Buildings	27-1/2 years
Equipment	5 years
Transportation Equipment	5 years
Furniture and Fixtures	5 years
Leasehold Improvements	10 years

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
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Compensated Absences – Each employee must request and obtain advance approval from the supervisor prior to any vacation, personal days, and other absences, except for sick days where the illness is not known in advance and the ECHA holidays. If the employee fails to return to work at the end of an approved leave period and no extension of the leave has been approved by the Executive Director prior to that date, the employee will be deemed to have voluntarily terminated employment as of the scheduled return date.

Each full-time employee (works a minimum of 30 hours per week) accrues paid vacation (working) days each month based on his/her total years of uninterrupted service. The total vacation (working) days accrued per twelve (12) months is stated below:

Years of uninterrupted service	Total vacation days accrued in 12 months
0 through 4	12
5 through 10	14
11 through 15	16
16 through 19	18
20 through 24	20
25 or more	22

Vacation days are not accrued during leave of absence. An employee’s vacation balance may not exceed twenty-five (25) vacation days at any time. Vacation days accumulated beyond 200 hours will be forfeited. When a paid holiday occurs during employee’s vacation, the paid holiday shall not be considered a day of vacation. Newly hired full-time employees will accrue vacation days during the probationary period (120 days) as outlined in this policy. However, vacation leave shall not be used until the employee satisfactorily completes his/her probationary period.

Upon termination of employment, unused accrued vacation time (which has not previously been lost due to failure to use the time within any eligibility period) will be paid tot the employee.

Full time employees accrue sick leave at the rate of six (6) hours per month of service. Newly hired full-time employees will accrued sick leave during the probationary period as outlined in this policy. However, sick leave shall not be used until the employee satisfactorily completes his/her probationary period. An employee may accrue no more than 480 hours of sick leave. Any employee whose accrued sick leave exceed 480 hours, at which time the employee may accrued sick leave up to 480 hours. Employees are not paid upon termination of employment for accrued, unused sick leave.

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

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
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(1) Investment in capital assets, net of related debt – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

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

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

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

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

Retirement Plan – The Authority has established a 457(b) deferred compensation plan for its employees in accordance with Internal Revenue Code Section 501. The plan is administrated by a private administrator. All contributions are immediately vested. For calendar year 2023, salary deferral could not exceed \$22,500.

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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

Note 2 - Budget Information

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

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

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$4,843,821 at December 31, 2023, and are maintained in commercial checking accounts and are readily available. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions’ trust departments in the Authority’s name. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. Of the total cash on hand the breakdown between unrestricted and restricted is shown below:

Unrestricted Cash	\$ 4,608,032
Restricted Cash:	
Tenant Security Deposits	127,161
Housing Assistance Payments	43,475
Other Restricted Cash	5,090
Component Unit Reserve	60,063
Total Restricted Cash	<u>235,789</u>
Total Cash	<u>\$ 4,843,821</u>

THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 4 - Accounts Receivable

At December 31, 2023, accounts receivable totaled \$618,152 and consisted of the following:

Accounts Receivable - Tenants	\$ 258,708
Allowance for Doubtful Accounts - Tenants	(213,533)
Accounts Receivable - HUD	565,286
Accounts Receivable - Fraud Recovery	46,252
Allowance for Doubtful Accounts - Fraud	(46,252)
Accounts Receivable - Others	170,113
Allowance for Doubtful Accounts - Other	(162,422)
Total	<u>618,152</u>

The Authority reviews the accounts receivable periodically. In fiscal year 2023, the Authority had collection losses totaling \$124,146.

Note 5 - Investments

Investments totaled \$55,527 at December 31, 2023, and consisted of certificates of deposits and associated interest due.

Note 6 - Prepaid Expenses

Prepaid expenses totaled \$160,446 at December 31, 2023, and consisted of primarily prepaid insurances.

Note 7 - Material Inventories

Material inventories at December 31, 2023 totaled \$330,657, and consist of items used to maintain upkeep of units totaling \$333,997 with an allowance of negative (\$3,340).

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 8 - Land, Structures and Equipment

Total capital assets were \$11,554,791, and the changes in land, structures and equipment for the year ended December 31, 2023, were as follows:

	December 31, 2022	Additions and Transfers in	December 31, 2023
Land	\$ 922,428	\$ (39,660)	\$ 882,768
Building & Improvements	33,411,942	812,649	34,224,591
Furniture and Equipment	1,008,666	1,140,341	2,149,007
Construction in Progress	208,076	(208,076)	-
(Less) Accumulated Depr.	(24,805,720)	(905,855)	(25,711,575)
Total Capital Assets	<u>\$ 10,745,392</u>	<u>\$ 799,399</u>	<u>\$ 11,544,791</u>

Depreciation expense was \$905,855, which includes amortization expense from leased assets and construction in progress was \$0 at fiscal year end. Capital additions were \$1,705,254 and disposals totaled \$0.

Note 9 - Notes Receivable

Notes receivable totaled \$2,700,000 at December 31, 2023, and comprises of loan proceeds advanced to Indiana Housing and Community Development Authority.

Note 10 - Accounts Payable

Accounts payable totaled \$1,072,940 at December 31, 2023, and the breakdown is as follows:

Vendors	\$ 835,053
Payment in lieu of taxes	237,887
Total Accounts Payable	<u>\$ 1,072,940</u>

Note 11 - Tenant Security Deposits

Tenant security deposits totaled \$127,161, at December 31, 2023.

Note 12 - Deferred Revenue

Deferred revenue totaled \$25,980, which consisted mainly of prepaid rents.

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 13 - Accrued Liabilities

Accrued liabilities totaled \$231,451, at December 31, 2023, and the breakdown is as follows:

Accrued Wages	\$ 67,828
Compensated Absences - Current Portion	22,833
Total Current Accrued Liabilities	<u>\$ 90,661</u>
Compensated Absences - Non-Current Portion	129,392
Non-current Liabilities - Other	11,398
Total Non-Current Accrued Liabilities	<u>140,790</u>
Total Accrued Liabilities	<u>\$ 231,451</u>

Note 14 - Notes Payable

The component unit of the Authority, MECHA, obtained two mortgages from Centier Bank in July 2020, totaling \$4,680,000, and are secured by real property. The interest rate is 4.25 percent, and the mortgages mature in 15 years. Monthly payments are \$19,744 and include both principal and interest. The outstanding balance at December 31, 2023, was \$3,657,991.

Below is breakdown of the current and non-current portions of the notes payable:

<u>Year</u>	<u>Amount</u>
Current Year Portion	\$ 80,446
Long-Term Portion	
December 31, 2025	84,427
December 31, 2026	88,137
December 31, 2027	92,011
December 31, 2028	95,653
December 31, 2029 and thereafter	<u>3,217,317</u>
Total Long-Term Payments	<u>\$3,577,545</u>
Total Notes Payable	<u>\$3,657,991</u>

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 15 - Employee Benefit Plans

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Alliance Pension Consultants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Plan requires the Authority to contribute 14.7% of the employee's base salary each month for employees hired prior to June 30, 2018. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements.

The plan may be amended at the discretion of the Board of Commissioners. The Housing Authority does not provide post-employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

For the fiscal year ended actual contributions by the housing authority were \$158,612 and total annual payroll expense was \$1,841,145. The total plan assets at December 31, 2023, were \$2,287,737 as follows:

<u>Description</u>	<u>Amount</u>
Beginning Balance	\$ 2,616,310
Contributions	158,612
Forfeiture	-
Net Withdrawals	(792,888)
Fees and Charges	(25,213)
Changes in Value	330,916
Ending Balance	<u>\$ 2,287,737</u>

The Authority does offer a deferred compensation plan that is entirely voluntary and managed by Alliance Pension Consultants.

Note 16 - Operating Lease Commitments

At December 31, 2023 the Authority recorded intangible lease asset and lease liability for \$22,558. The total value of the leases are \$50,160 less \$27,602 accumulated amortization on the assets. Liabilities are reduced by the same amount as payments are made. Current payments are \$456 for one lease and \$380 for a second lease.

The Authority also has certain contingent liabilities resulting from claims and commitments incident to the ordinary course of business. Management expects that final resolution of such contingencies will not materially affect the financial position of the Authority.

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 17 - Administrative Fees

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

Note 18 - Allocation of Cost

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

Note 19 - Pending or Threaten Litigation

Case #1

Litigation represents four separate law suits, which was commenced in this matter on September 15, 2016, August 15, 2016, December 4, 2017, and September 4, 2018. These cases are a number of expected litigation matters filed on the basis of personal injuries and Constitutional violations resulting from the discovery of excessive lead contamination on the property of the West Calumet Complex, a housing development which had been owned and operated by ECHA.

Plaintiffs, generally, are former residents of the West Calumet Complex alleging that they and their minor children have suffered illness and/or injury as a result of exposure to lead. Although ECHA is only one of several defendants named, the potential liability could be significant. However, liability is difficult to gauge at this point, because preliminary motions are still being filed and ECHA's status as a defendant, at least in this particular matter, remains somewhat uncertain.

ECHA has submitted all matters to its insurance carrier for review, and coverage has been approved. Harris Law Firm has been retained to defend this matter along with Ice Miller, LLP, which is acting as special counsel in these of toxic tort litigation. One lawsuit judgment in favor of all defendants (including ECHA) was concluded on December 28, 2023. The matter remained open past December 31, 2023 only for the purpose of settling the issue of whether costs of litigation should be assessed to the Plaintiffs.

State court filings, which have been consolidated by the Court for purposes of completing discovery and pretrial motions. The parties met for mediation in January of 2024, which resulted in a partial settlement. ECHA's direct liability in this matter remains difficult to quantify at this time, but is expected to be limited, however, as the vast majority of any settlement reached will be paid by the insurance carrier.

**THE HOUSING AUTHORITY OF THE CITY OF EAST CHICAGO, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Case #2

Litigation involves a contract dispute initiated by a construction company. Plaintiff was retained pursuant to a flat-fee monthly retainer agreement. The parties now dispute, whether during certain months, whether the Plaintiff should have been paid for services it claims to have performed.

This matter was resolved via settlement following a mediation session which was held on March 11, 2024. The total amount of settlement is payable in three installments. Aside from payment of the remaining settlement installments, no further development is anticipated.

Unasserted Claims and Assessments

The statute of limitations has not yet expired for the initiation of litigation against ECHA with regard to lead contamination in the former West Calumet Complex. ECHA has received numerous tort claim notices with regard to this matter, and it is some possible that some of the claimants have not yet associated them class-action litigation, but may still have the opportunity to do so. ECHA's position remains to deny, either explicitly or inherently by operation of law, all tort of claims will ultimately develop into state-court civil litigation.

Note 20 – Subsequent Events

Management has performed an analysis of activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended September 20, 2024. Management has performed their analysis through September 20, 2024, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
COMBINING SCHEDULE OF PROGRAM NET POSITION ACCOUNTS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
DECEMBER 31, 2023

	COCC & Low Rent	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2023 TOTAL
ASSETS						
Cash and Cash Equivalents (Unrestricted)	\$ 4,413,957	\$ 194,075	\$	\$	\$	4,608,032
Cash and Cash Equivalents (Restricted)	49,925	48,565		137,299		235,789
Accounts Receivable (net allowances)	588,065	-	1,724	28,363	-	618,152
Investments				55,527		55,527
Prepaid, Deposits and Escrows	111,065	5,141		44,240		160,446
Inventory (net allowances)	220,892			109,765		330,657
TOTAL CURRENT ASSETS	5,383,904	247,781	1,724	375,194	-	6,008,603
Other Assets						-
Notes Receivable	2,700,000					2,700,000
Capital Assets, Net	6,407,073	23,726		5,113,992		11,544,791
TOTAL NON-CURRENT ASSETS	9,107,073	23,726	-	5,113,992	-	14,244,791
TOTAL ASSETS	\$ 14,490,977	\$ 271,507	\$ 1,724	\$ 5,489,186	\$ -	\$ 20,253,394
LIABILITIES AND NET POSITION						
Accounts Payable	\$ 196,477	\$ 27,690	\$ 528	\$ 848,245	\$ -	\$ 1,072,940
Tenant Security Deposits	49,925			77,236		127,161
Deferred Revenue	10,617			15,363		25,980
Accrued Liabilities - Current	64,552	14,777	1,196	10,136		90,661
Notes Payable - Current				80,446		80,446
TOTAL CURRENT LIABILITIES	321,571	42,467	1,724	1,031,426	-	1,397,188
Accrued Liabilities - Non-Current	96,861	25,135		18,794		140,790
FSS Escrow Deposits		-				-
Notes Payable				3,577,545		3,577,545
TOTAL NON-CURRENT LIABILITIES	96,861	25,135	-	3,596,339	-	3,718,335
TOTAL LIABILITIES	418,432	67,602	1,724	4,627,765	-	5,115,523
Invested in Capital Assets	6,407,073	23,726	-	1,456,001	-	7,886,800
Unrestricted Net Position	7,665,472	136,704	-	(654,643)	-	7,147,533
Restricted Net Position		43,475		60,063		103,538
TOTAL NET POSITION	14,072,545	203,905	-	861,421	-	15,137,871
TOTAL LIABILITIES AND NET POSITION	\$ 14,490,977	\$ 271,507	\$ 1,724	\$ 5,489,186	\$ -	\$ 20,253,394

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

	COCC & Low Rent	Housing Choice Vouchers	ROSS	Blended Component Unit	Eliminations	2023 TOTAL
OPERATING REVENUES						
Net Tenant Rental Revenue	\$ 832,596	\$	\$	\$ 715,493	\$	\$ 1,548,089
HUD Operating Grants	2,549,185	8,941,656	67,772			11,558,613
Other Income	1,291,517	105,404		518,123	(1,076,890)	838,154
TOTAL OPERATING REVENUES	4,673,298	9,047,060	67,772	1,233,616	(1,076,890)	13,944,856
OPERATING EXPENSES						
Administrative Expenses	2,573,131	767,301		289,246	(1,076,890)	2,552,788
Tenant Services	890		67,772			68,662
Utilities Expense	267,975			144,081		412,056
Ordinary Maintenance and Materials	952,549	83		697,107		1,649,739
Protective Services	95,115			1,160		96,275
Insurance Expense	228,137	15,084		91,491		334,712
General Expenses	148,158	36,704		336,881		521,743
Interest				139,616		139,616
Housing Assistance Payments		8,285,662				8,285,662
Extraordinary Maintenance				272		272
Casualty Losses - Non-capitalized				(233,384)		(233,384)
Depreciation Expense	635,267	13,023		239,995		888,285
TOTAL OPERATING EXPENSES	4,901,222	9,117,857	67,772	1,706,465	(1,076,890)	14,716,426
OPERATING INCOME (LOSS)	(227,924)	(70,797)	-	(472,849)	-	(771,570)
NON-OPERATING REVENUES (EXPENSES)						
Interest	22	41				63
INCOME BEFORE OTHER REVENUES (EXPENSES)	22	41	-	-	-	63
CAPITAL CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	4,341,702					4,341,702
Gain (Loss) on Sale of Capital Assets	98,740					98,740
Transfers						-
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	4,440,442	-	-	-	-	4,440,442
CHANGE IN NET POSITION	4,212,540	(70,756)	-	(472,849)	-	3,668,935
NET POSITION AT BEGINNING OF PERIOD	9,860,005	274,661	-	1,334,270		11,468,936
PRIOR PERIOD ADJUSTMENT						-
NET POSITION AT END OF PERIOD	\$ 14,072,545	\$ 203,905	\$ -	\$ 861,421	\$ -	\$ 15,137,871

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR	PROGRAM OR AWARD ALN #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Housing Choice Voucher Cluster			
Housing Choice Vouchers	14.871	8,941,656	9,117,857
Total Housing Choice Voucher Cluster		8,941,656	9,117,857
Total Major Programs		8,941,656	9,117,857
Non-Major Programs			
<u>U.S. Department of Housing and Urban Development</u>			
Public and Indian Housing	14.850	\$ 2,518,296	\$ 821,927
Public Housing Capital Fund	14.872	4,079,295	4,079,295
Resident Opportunity and Self Sufficiency	14.870	67,772	67,772
Total Non-Major Programs		6,665,363	4,968,994
Total All Programs		\$ 15,607,019	\$ 14,086,851

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 - Basis of Presentation

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

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

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

Note 2 - Sources of Funding

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

Note 3 - Sub-recipients

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

Note 4 - Loans Outstanding

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

Note 5 - Non-Cash Assistance

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

Note 6 - Insurance

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

Housing Authority of the City of East Chicago (IN029)

EAST CHICAGO, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$4,357,514	\$0	\$0	\$0	\$194,075	\$56,443	\$4,608,032		\$4,608,032
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$60,063	\$43,475	\$0	\$103,538		\$103,538
114 Cash - Tenant Security Deposits	\$49,925	\$0	\$0	\$77,236	\$0	\$0	\$127,161		\$127,161
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$5,090	\$0	\$5,090		\$5,090
100 Total Cash	\$4,407,439	\$0	\$0	\$137,299	\$242,640	\$56,443	\$4,843,821	\$0	\$4,843,821
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$563,562	\$0	\$1,724	\$0	\$0	\$0	\$565,286		\$565,286
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$170,113	\$0	\$0	\$170,113		\$170,113
126 Accounts Receivable - Tenants	\$106,848	\$0	\$0	\$151,860	\$0	\$0	\$258,708		\$258,708
126.1 Allowance for Doubtful Accounts - Tenants	-\$82,345	\$0	\$0	-\$131,188	\$0	\$0	-\$213,533		-\$213,533
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	-\$162,422	\$0	\$0	-\$162,422		-\$162,422
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$46,252	\$0	\$46,252		\$46,252
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	-\$46,252	\$0	-\$46,252		-\$46,252
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$588,065	\$0	\$1,724	\$28,363	\$0	\$0	\$618,152	\$0	\$618,152
131 Investments - Unrestricted	\$0	\$0	\$0	\$55,527	\$0	\$0	\$55,527		\$55,527
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$103,595	\$0	\$0	\$44,240	\$5,141	\$7,470	\$160,446		\$160,446
143 Inventories	\$223,123	\$0	\$0	\$110,874	\$0	\$0	\$333,997		\$333,997
143.1 Allowance for Obsolete Inventories	-\$2,231	\$0	\$0	-\$1,109	\$0	\$0	-\$3,340		-\$3,340
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
150 Total Current Assets	\$5,319,991	\$0	\$1,724	\$375,194	\$247,781	\$63,913	\$6,008,603	\$0	\$6,008,603
161 Land	\$663,560	\$0	\$0	\$219,208	\$0	\$0	\$882,768		\$882,768
162 Buildings	\$26,388,959	\$0	\$0	\$5,785,472	\$0	\$0	\$34,174,431		\$34,174,431
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$1,475,876	\$0	\$0	\$0	\$49,715	\$623,416	\$2,149,007		\$2,149,007
165 Leasehold Improvements	\$0	\$0	\$0	\$22,800	\$27,360	\$0	\$50,160		\$50,160
166 Accumulated Depreciation	-\$24,501,330	\$0	\$0	-\$913,488	-\$53,349	-\$243,408	-\$25,711,575		-\$25,711,575
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,027,065	\$0	\$0	\$5,113,992	\$23,726	\$380,008	\$11,544,791	\$0	\$11,544,791
171 Notes, Loans and Mortgages Receivable - Non-Current	\$2,700,000	\$0	\$0	\$0	\$0	\$0	\$2,700,000		\$2,700,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0

173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$8,727,065	\$0	\$0	\$5,113,992	\$23,726	\$380,008	\$14,244,791	\$0	\$14,244,791
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$14,047,056	\$0	\$1,724	\$5,489,186	\$271,507	\$443,921	\$20,253,394	\$0	\$20,253,394
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$76,803	\$0	\$528	\$467,772	\$22,600	\$27,106	\$594,809		\$594,809
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$23,195	\$0	\$1,196	\$7,734	\$11,439	\$24,264	\$67,828		\$67,828
322 Accrued Compensated Absences - Current Portion	\$7,411	\$0	\$0	\$2,402	\$3,338	\$9,682	\$22,833		\$22,833
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$92,568	\$0	\$0	\$145,319	\$0	\$0	\$237,887		\$237,887
341 Tenant Security Deposits	\$49,925	\$0	\$0	\$77,236	\$0	\$0	\$127,161		\$127,161
342 Unearned Revenue	\$10,617	\$0	\$0	\$15,363	\$0	\$0	\$25,980		\$25,980
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$80,446	\$0	\$0	\$80,446		\$80,446
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$235,154	\$5,090	\$0	\$240,244		\$240,244
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$260,519	\$0	\$1,724	\$1,031,426	\$42,467	\$61,052	\$1,397,188	\$0	\$1,397,188
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$3,577,545	\$0	\$0	\$3,577,545		\$3,577,545
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$5,180	\$6,218	\$0	\$11,398		\$11,398
354 Accrued Compensated Absences - Non Current	\$41,997	\$0	\$0	\$13,614	\$18,917	\$54,864	\$129,392		\$129,392
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
350 Total Non-Current Liabilities	\$41,997	\$0	\$0	\$3,596,339	\$25,135	\$54,864	\$3,718,335	\$0	\$3,718,335
300 Total Liabilities	\$302,516	\$0	\$1,724	\$4,627,765	\$67,602	\$115,916	\$5,115,523	\$0	\$5,115,523
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$6,027,065	\$0	\$0	\$1,456,001	\$23,726	\$380,008	\$7,886,800		\$7,886,800
511.4 Restricted Net Position	\$0	\$0	\$0	\$60,063	\$43,475	\$0	\$103,538		\$103,538
512.4 Unrestricted Net Position	\$7,717,475	\$0	\$0	-\$654,643	\$136,704	-\$52,003	\$7,147,533		\$7,147,533
513 Total Equity - Net Assets / Position	\$13,744,540	\$0	\$0	\$861,421	\$203,905	\$328,005	\$15,137,871	\$0	\$15,137,871
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$14,047,056	\$0	\$1,724	\$5,489,186	\$271,507	\$443,921	\$20,253,394	\$0	\$20,253,394

Housing Authority of the City of East Chicago (IN029)

EAST CHICAGO, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.EFA FSS Escrow Forfeiture Account	14.870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$796,456	\$0	\$0	\$715,493	\$0	\$0	\$1,511,949		\$1,511,949
70400 Tenant Revenue - Other	\$36,140	\$0	\$0	\$0	\$0	\$0	\$36,140		\$36,140
70500 Total Tenant Revenue	\$832,596	\$0	\$0	\$715,493	\$0	\$0	\$1,548,089	\$0	\$1,548,089
70600 HUD PHA Operating Grants	\$2,518,297	\$0	\$67,772	\$0	\$8,941,656	\$30,888	\$11,558,613		\$11,558,613
70610 Capital Grants	\$4,079,294				\$0	\$262,408	\$4,341,702		\$4,341,702
70710 Management Fee						\$894,227	\$894,227	-\$894,227	\$0
70720 Asset Management Fee						\$55,080	\$55,080	-\$55,080	\$0
70730 Book Keeping Fee						\$127,583	\$127,583	-\$127,583	\$0
70740 Front Line Service Fee						\$0	\$0		\$0
70750 Other Fees						\$0	\$0		\$0
70700 Total Fee Revenue						\$1,076,890	\$1,076,890	-\$1,076,890	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$0	\$0	\$0	\$4,266	\$41	\$22	\$4,329		\$4,329
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$42,976	\$0	\$42,976		\$42,976
71500 Other Revenue	\$185,322	\$0	\$0	\$513,857	\$62,428	\$29,305	\$790,912		\$790,912
71600 Gain or Loss on Sale of Capital Assets	\$14,040	\$0	\$0	\$0	\$0	\$84,700	\$98,740		\$98,740
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$7,629,549	\$0	\$67,772	\$1,233,616	\$9,047,101	\$1,484,213	\$19,462,251	-\$1,076,890	\$18,385,361
91100 Administrative Salaries	\$214,702	\$0	\$0	\$97,737	\$292,976	\$646,034	\$1,251,449		\$1,251,449
91200 Auditing Fees	\$6,393	\$0	\$0	\$0	\$1,000	\$0	\$7,393		\$7,393
91300 Management Fee	\$714,717	\$0	\$0	\$40,718	\$138,792		\$894,227	-\$894,227	\$0
91310 Book-keeping Fee	\$40,838	\$0	\$0	\$0	\$86,745		\$127,583	-\$127,583	\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
91500 Employee Benefit contributions - Administrative	\$64,602	\$0	\$0	\$38,189	\$119,446	\$266,493	\$488,730		\$488,730
91600 Office Expenses	\$299,803	\$0	\$0	\$28,489	\$110,958	\$185,440	\$624,690		\$624,690
91700 Legal Expense	\$25,818	\$0	\$0	\$10,649	\$1,358	\$5,597	\$43,422		\$43,422
91800 Travel	\$2,549	\$0	\$0	\$3,181	\$1,082	\$10,798	\$17,610		\$17,610
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0		\$0		\$0
91900 Other	-\$11,592	\$0	\$0	\$70,283	\$14,944	\$45,859	\$119,494		\$119,494
91000 Total Operating - Administrative	\$1,357,830	\$0	\$0	\$289,246	\$767,301	\$1,160,221	\$3,574,598	-\$1,021,810	\$2,552,788
92000 Asset Management Fee	\$55,080	\$0	\$0	\$0	\$0		\$55,080	-\$55,080	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$53,622	\$0	\$0	\$0	\$53,622		\$53,622
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$12,448	\$0	\$0	\$43	\$12,491		\$12,491
92400 Tenant Services - Other	\$847	\$0	\$1,702	\$0	\$0	\$0	\$2,549		\$2,549

92500 Total Tenant Services	\$847	\$0	\$67,772	\$0	\$0	\$43	\$68,662	\$0	\$68,662
93100 Water	\$40,691	\$0	\$0	\$74,671	\$0	\$0	\$115,362		\$115,362
93200 Electricity	\$135,687	\$0	\$0	\$45,572	\$0	\$0	\$181,259		\$181,259
93300 Gas	\$63,585	\$0	\$0	\$23,329	\$0	\$0	\$86,914		\$86,914
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93600 Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$28,012	\$0	\$0	\$509	\$0	\$0	\$28,521		\$28,521
93000 Total Utilities	\$267,975	\$0	\$0	\$144,081	\$0	\$0	\$412,056	\$0	\$412,056
94100 Ordinary Maintenance and Operations - Labor	\$484,653	\$0	\$0	\$105,043	\$0	\$0	\$589,696		\$589,696
94200 Ordinary Maintenance and Operations - Materials and Other	\$102,555	\$0	\$0	\$52,092	\$0	\$0	\$154,647		\$154,647
94300 Ordinary Maintenance and Operations Contracts	\$210,119	\$0	\$0	\$509,436	\$83	\$109	\$719,747		\$719,747
94500 Employee Benefit Contributions - Ordinary Maintenance	\$155,113	\$0	\$0	\$30,536	\$0	\$0	\$185,649		\$185,649
94000 Total Maintenance	\$952,440	\$0	\$0	\$697,107	\$83	\$109	\$1,649,739	\$0	\$1,649,739
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$95,115	\$0	\$0	\$1,160	\$0	\$0	\$96,275		\$96,275
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$95,115	\$0	\$0	\$1,160	\$0	\$0	\$96,275	\$0	\$96,275
96110 Property Insurance	\$93,049	\$0	\$0	\$74,237	\$0	\$0	\$167,286		\$167,286
96120 Liability Insurance	\$58,320	\$0	\$0	\$17,254	\$6,999	\$17,141	\$99,714		\$99,714
96130 Workmen's Compensation	\$10,665	\$0	\$0	\$0	\$3,925	\$5,211	\$19,801		\$19,801
96140 All Other Insurance	\$37,351	\$0	\$0	\$0	\$4,160	\$6,400	\$47,911		\$47,911
96100 Total Insurance Premiums	\$199,385	\$0	\$0	\$91,491	\$15,084	\$28,752	\$334,712	\$0	\$334,712
96200 Other General Expenses	\$3,574	\$0	\$0	\$8	\$36,704	\$871	\$41,157		\$41,157
96210 Compensated Absences	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$62,569	\$0	\$0	\$293,871	\$0	\$0	\$356,440		\$356,440
96400 Bad debt - Tenant Rents	\$81,144	\$0	\$0	\$43,002	\$0	\$0	\$124,146		\$124,146
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$147,287	\$0	\$0	\$336,881	\$36,704	\$871	\$521,743	\$0	\$521,743
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$139,616	\$0	\$0	\$139,616		\$139,616
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$139,616	\$0	\$0	\$139,616	\$0	\$139,616
96900 Total Operating Expenses	\$3,075,959	\$0	\$67,772	\$1,699,582	\$819,172	\$1,189,996	\$6,852,481	-\$1,076,890	\$5,775,591
97000 Excess of Operating Revenue over Operating Expenses	\$4,553,590	\$0	\$0	-\$465,966	\$8,227,929	\$294,217	\$12,609,770	\$0	\$12,609,770
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$272	\$0	\$0	\$272		\$272
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	-\$233,384	\$0	\$0	-\$233,384		-\$233,384
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0	\$8,271,982	\$0	\$8,271,982		\$8,271,982

97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$13,680	\$0	\$13,680	\$13,680	\$13,680
97400 Depreciation Expense	\$561,337	\$0	\$0	\$239,995	\$13,023	\$73,930	\$888,285	\$888,285	\$888,285
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$3,637,296	\$0	\$67,772	\$1,706,465	\$9,117,857	\$1,263,926	\$15,793,316	-\$1,076,890	\$14,716,426
10010 Operating Transfer In	\$862,024	\$0	\$0	\$0	\$0	\$30,888	\$892,912	-\$892,912	\$0
10020 Operating transfer Out	-\$862,024	\$0	\$0	\$0	\$0	-\$30,888	-\$892,912	\$892,912	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$50,000						\$50,000		\$50,000
10092 Inter Project Excess Cash Transfer Out	-\$50,000						-\$50,000		-\$50,000
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$3,992,253	\$0	\$0	-\$472,849	-\$70,756	\$220,287	\$3,668,935	\$0	\$3,668,935
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$9,752,287	\$0	\$0	\$1,334,270	\$274,661	\$107,718	\$11,468,936		\$11,468,936
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity					\$160,430		\$160,430		\$160,430
11180 Housing Assistance Payments Equity					\$43,475		\$43,475		\$43,475
11190 Unit Months Available	3036	0	0	1521	11585	0	16142		16142
11210 Number of Unit Months Leased	2973	0	0	1362	11566	0	15901		15901
11270 Excess Cash	\$4,503,146						\$4,503,146		\$4,503,146
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$4,079,294					\$0	\$4,079,294		\$4,079,294
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0	\$0		\$0
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
STATEMENT OF CAPITAL FUNDS COST - UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2023**

EXHIBIT F

ANNUAL CONTRIBUTION CONTRACT PHASES IN36P029501 - 20, 21, 22, 23 and IN36E029501-21
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	501-20	501-21	501-21 Emergency	501-22	501-23	Total
Funds Approved	\$ 2,349,028	\$ 2,438,579	\$ 1,080,879	\$ 2,919,717	\$ 2,938,738	\$ 11,726,941
Funds Expended	2,304,448	2,418,579	1,080,879	2,251,896	1,028,557	9,084,359
Excess\ (Deficit) of Funds Approved	\$ 44,580	\$ 20,000	\$ -	\$ 667,821	\$ 1,910,181	\$ 2,642,582
Funds Advanced	\$ 2,291,528	\$ 2,377,025	\$ 1,080,879	\$ 1,756,503	\$ 1,028,557	\$ 8,534,492
Funds Expended	2,304,448	2,418,579	1,080,879	2,251,896	1,028,557	9,084,359
Excess\ (Deficit) of Funds Advanced	\$ (12,920)	\$ (41,554)	\$ -	\$ (495,393)	\$ -	\$ (549,867)

1 Capital Fund Program costs for Phases IN36P029 - 501-20, 21, 22 and 23 and IN36E29501-21 are shown above.

2 Cost additions during the audit period were as follows: IN36P029501 - 20 - \$873,339, 21 - \$1,687,006, 22 - \$1,203,737, and 23 - \$1,028,557 accordingly, were audited by Velma Butler & Company, Ltd.

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
STATEMENT OF CAPITAL FUNDS COST - COMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2023**

EXHIBIT G

ANNUAL CONTRIBUTION CONTRACT PHASES IN36P029501 - 15, 16, 17, 18, 19 and IN36E029501 - 16							
	501-15	501-16	501-16E	501-17	501-18	501-19	Total
A. Funds Approved \$	1,270,037	\$ 1,300,198	\$ 4,000,970	\$ 1,349,577	\$ 2,076,358	\$ 2,162,253	\$ 12,159,393
B. Funds Disbursed	1,270,037	1,300,198	4,000,970	1,349,577	2,076,358	2,162,253	12,159,393
C. Funds Expended	1,270,037	1,300,198	4,000,970	1,349,577	2,076,358	2,162,253	12,159,393
D. Amount to be Recaptured (A-C)	-	-	-	-	-	-	-
E. Excess of Funds Disbursed (B-C)	-	-	-	-	-	-	-

- 1 That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Comprehensive Grant, is as shown above;
- 2 That all modernization work in connection with the Comprehensive Grant has been completed;
- 3 That the entire Actual Modernization Cost or liabilities therefore incurred by the PHA have been fully paid;
- 4 That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- 5 That the time in which such could be filed has expired; and
- 6 That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, as amended, the grantee has or will perform an audit in compliance with said requirements.

SINGLE AUDIT REPORTS

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards**

Board of Commissioners
Housing Authority of the East Chicago, Indiana
East Chicago, IN 46516

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary government business type activities and the blended component units of the Housing Authority of the City of East Chicago, Indiana (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, and have issued an unmodified opinion thereon dated September 20, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd." The signature is written in dark ink and is positioned above the printed name of the firm.

Velma Butler & Company, Ltd.
Chicago, Illinois

September 20, 2024

Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Commissioners
Housing Authority of the East Chicago, Indiana
East Chicago, IN 46516

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of East Chicago, Indiana (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

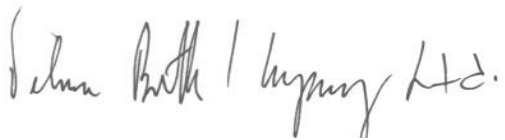
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the internal controls 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended December 31, 2023, and have issued our report thereon dated September 20, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Velma Butler / Company Ltd." The signature is written in dark ink and is positioned above the printed name of the company.

Velma Butler & Company, Ltd.
Chicago, Illinois

September 20, 2024

Independent Auditor's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Housing Authority of the City of East Chicago
East Chicago, IN 46516

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

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of East Chicago, Indiana (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed document listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit of the financial statements of the Authority as of and for the year ended December 31, 2023, and have issued our report thereon dated September 20, 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 Housing Authority's Financial Data Schedule (FDS) dated December 23, 2022, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

A handwritten signature in cursive script that reads "Velma Butler & Company, Ltd." The signature is written in dark ink on a light-colored background.

Velma Butler & Company, Ltd.
Chicago, Illinois

September 20, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COST

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section IV - Financial Statement Findings

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

Section V - Federal Award Findings and Questioned Costs

Finding 2022 - 001 Missing documentation from Tenant Files

Information on the Federal Program:

U.S. Department of Housing and Urban Development

CFDA 14.850 - Public and Indian Housing:

Federal Award ID and Year: January 1, 2022 - December 31, 2022

Condition:

The Housing Authority of the City of East Chicago, Indiana (the Authority) provided reduced rent outside of HUD Guidelines to an employee.

During the audit, it was noted that an employee was paying rent lower than standard public housing calculations.

Authority Action Plan:

The Authority concurs with the Auditors' recommendations. The Deputy Director of the Authority will get HUD approval to ensure compliance with HUD regulations. Official communication will be sent before the end of calendar year 2023.

Conclusion:

CLOSED

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

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF EAST CHICAGO, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2023**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not note any material instances of noncompliance.