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State Examiner

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April 11, 2025

Board of Commissioners  
Housing Authority of the City of Kendallville  
Noble County, Indiana

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

The 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 KENDALLVILLE  
KENDALLVILLE, INDIANA  
FINANCIAL STATEMENTS**

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

**HOUSING AUTHORITY OF THE CITY OF KENDALLVILLE**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2023**

	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Statement of Net Position.....	12
Statement of Revenue, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to Financial Statements.....	16
 SUPPLEMENTARY INFORMATION	
Independent Accountant’s Report on Applying Agreed-Upon Procedure.....	29
 REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	31
Status of Prior Year Findings.....	33

## **INTRODUCTION**

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

***Independent Auditor's Report***

Board of Commissioners  
Housing Authority of the City of Kendallville  
Kendallville, Indiana

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the business-type activities of the Housing Authority of the City of Kendallville (the "Authority"), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Basis for Opinion***

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of the Housing Authority of the City of Kendallville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Housing Authority of the City of Kendallville, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Kendallville, Indiana's internal control over financial reporting and compliance.

***Barry E. Gaudette, CPA, PC***

May 28, 2024

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

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

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

**FINANCIAL HIGHLIGHTS**

The term “net position” refers to the difference between assets and liabilities. The Housing Authority’s total net position as of December 31, 2023 was \$2,691,65. The net position decreased by \$33,612, a decrease of 1.2% from the prior year.

Revenues and contributions for the Housing Authority were \$802,404, for the year ended December 31, 2023. This was a decrease of \$304,817 or 27.5% from the prior year.

Expenses for the Housing Authority were \$836,016 for the year ended December 31, 2023. This was an increase of \$91,910 or 12.4% over the prior year.

HUD operating grants were \$207,282 for the year ended December 31, 2023. This was an increase of \$63,904 or 44.6% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

*Required Financial Statements*

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

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

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

*Notes to the Financial Statements*

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

*Supplemental Information*

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

**FUND STATEMENTS**

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

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

**FUND STATEMENTS (Continued)**

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

*Capital Fund Program:* Under this program, the Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority also has the ability to use up to 100% of these funds, if need be, to supplement Operating Subsidies, since the Housing Authority is considered a “small” PHA. This program is the primary funding source for physical improvements to its properties.

*Kendallville Housing Finance Corporation:* Accounts for activities of the Kendallville Housing Finance Corporation which is to promote and advance decent, safe and sanitary housing for person of low income, particularly low income families of Kendallville and City of Noble in Indiana. To assist the Housing Authority of Kendallville by borrowing and lending funds to finance the development of low income housing projects which have been approved by the Authority.

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government’s financial position. As stated in the following table, assets exceeded liabilities by \$2,691,650 at the close of the year ended December 31, 2023 an increase from \$2,725,262 in 2022.

The unrestricted net position was \$975,110 as of December 31, 2023. It can be used to meet the Housing Authority’s ongoing obligations. At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position.

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

**FINANCIAL ANALYSIS (Continued)**

**CONDENSED STATEMENTS OF NET POSITION**

	<u>12/31/23</u>	<u>12/31/22</u>	<u>Dollar Change</u>
Current and other assets	\$ 890,961	\$ 786,604	\$ 104,357
Capital assets, net	1,716,540	1,856,123	(139,583)
Non-current assets	230,188	230,189	(1)
Deferred outflow of resources	46,470	40,812	5,658
Total Assets	<u>2,884,159</u>	<u>2,913,728</u>	<u>(29,569)</u>
Current liabilities	74,098	76,892	(2,794)
Noncurrent liabilities	115,655	102,483	13,172
Deferred inflow of resources	2,756	9,091	(6,335)
Total Liabilities	<u>192,509</u>	<u>188,466</u>	<u>4,043</u>
Net Position:			
Net Investment in capital assets	1,716,540	1,856,123	(139,583)
Unrestricted net position	<u>975,110</u>	<u>869,139</u>	<u>105,971</u>
Total Net Position	<u>\$ 2,691,650</u>	<u>\$ 2,725,262</u>	<u>\$ (33,612)</u>

Total current assets increase of \$104,357 was due, in large part, to cash flows increasing by \$73,112.

Total current liabilities decrease of \$(2,784) was due, in large part, to accrued wages decreasing by \$3,508.

Noncurrent liabilities increased \$13,172 due to accrued pension liability increasing by \$12,722.

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

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

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

**FINANCIAL ANALYSIS (Continued)**

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

	12/31/23	12/31/22	Dollar Change
<b>Revenues and contributions</b>			
Operating, non-operating, capital contributions:			
Tenant Revenue	\$ 487,966	\$ 462,472	\$ 25,494
Tenant revenue-other	21,321	16,584	4,737
HUD operating grants	207,282	143,378	63,904
Capital grants	0	459,828	(459,828)
Investment income	13,118	4,187	8,931
Other income	74,315	25,118	49,197
Loss of sale of asset	(1,598)	(4,346)	2,748
<b>Total Revenues and Contributions</b>	<b>802,404</b>	<b>1,107,221</b>	<b>(304,817)</b>
 <b>Expenses</b>			
Personnel services	340,697	320,944	19,753
Tenant services	1,708	1,623	85
Utilities	140,828	141,158	(330)
Maintenance	87,393	53,778	33,615
Insurance	32,437	29,324	3,113
General and other expenses	52,186	48,783	3,403
Depreciation	180,767	148,496	32,271
<b>Total Expenses</b>	<b>836,016</b>	<b>744,106</b>	<b>91,910</b>
 Special item	<b>0</b>	<b>62,337</b>	<b>(62,337)</b>
 Change in net position	(33,612)	425,452	(459,064)
Beginning net position	2,725,262	2,299,810	425,452
Ending net position	<b>\$ 2,691,650</b>	<b>\$ 2,725,262</b>	<b>\$ (33,612)</b>

*Revenues:*

As can be seen in the above table total revenues and contributions decreased by \$304,817, in large part, due to capital grants decreasing by \$459,828.

Housing Authority of the City of Kendallville's primary revenue sources are subsidies and grants received by HUD, as well as tenant revenue. Please note that Capital Fund Program grants are classified as either soft cost revenue or hard cost revenue. The Housing Authority classified 100% of capital grants (\$16,000) as soft costs for the current year. For the year ending December 31, 2023, revenue generated by the Housing Authority accounted for \$509,287 (or 63.5% of total revenue), while HUD contributions accounted for \$207,282 (or 25.8% of total revenue).

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

*Expenses:*

Total expenses for the fiscal year ending December 31, 2023 were \$836,016 while for the year ending December, 31, 2022 they were \$744,106. This represents an 12.4% increase in our operating costs. The expenses increased, in large part, because of an increase in personnel costs of \$19,753 and maintenance costs of \$33,615.

The following represents changes in Federal Assistance received:

	12/31/23	12/31/22	Dollar Change
Public Housing Operating Subsidy	\$ 191,282	\$ 143,378	\$ 47,904
Capital Fund Program	16,000	459,828	(443,828)
Total	\$ 207,282	\$ 603,206	\$ (395,924)

The above chart is segregated as to the Program source of funds, not the use of funds. The subsidy for Public Housing increased mainly due to HUD increasing its funding formula amount for the Housing Authority. The Capital Fund Program used less than one year’s worth of capital funds in 2023.

*Budget Analysis:*

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

**OPERATIONAL HIGHLIGHTS**

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

	12/31/23	12/31/22
Low Rent Public Housing Program	118	118

The Housing Authority had a lease up rate of 99.3% in the Low Rent program for the current year.

**CAPITAL ASSETS**

The Housing Authority of the City of Kendallville’s investment in capital assets, as of December 31, 2023 amounts to \$1,716,540 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment. For further detail of capital assets see Note C.

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

**CAPITAL ASSETS (Continued)**

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

	<u>2023</u>	<u>2022</u>	<b>Dollar Change</b>
Land	\$ 388,549	\$ 388,549	\$ 0
Buildings	6,886,715	6,856,522	30,193
Furniture, equipment and machinery - dwellings	107,650	138,780	(31,130)
Furniture, equipment and machinery - administration	179,441	188,046	(8,605)
Construction in progress	6,400	0	6,400
	<u>7,568,755</u>	<u>7,571,897</u>	<u>(3,142)</u>
Accumulated depreciation	<u>(5,852,215)</u>	<u>(5,715,774)</u>	<u>(136,441)</u>
Total	<u>\$ 1,716,540</u>	<u>\$ 1,856,123</u>	<u>\$ (139,583)</u>

Capital assets decreased by \$(139,583) due to capital outlays of \$36,593, disposals of assets of \$(39,735), depreciation of \$(180,767), and an accumulated depreciation adjustment related to the sale of assets of \$44,326.

During the year ending December 31, 2023, our Capital Fund Program was used for 40 kitchen remodels.

Capital projects planned for the next year include the following:

The planned capital expenditures for the next year will be used for 40 other kitchen remodels.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Authority is affected more by the Federal Budget than by local economic conditions.

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

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

**REQUEST FOR INFORMATION**

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

Andrea Pyle, Executive Director  
Housing Authority of the City of Kendallville  
240 Angling Road  
Kendallville, Indiana 46755-1002

## **FINANCIAL STATEMENTS**

**Housing Authority of the City of Kendallville**  
**Statement of Net Position**  
**December 31, 2023**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 686,759
Accounts receivable- net	23,930
Investments	137,220
Prepaid expenses	29,463
Inventories, net	13,589
Total Current Assets	890,961

Capital Assets:

Land	388,549
Buildings	6,886,715
Equipment – dwellings	107,650
Equipment – administration	179,441
Construction in progress	6,400
	7,568,755
Less: accumulated depreciation	(5,852,215)
Net Capital Assets	1,716,540

Investments in Joint Ventures	230,188
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Deferred outflow of resources	46,470
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Total Assets	\$ 2,884,159
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**LIABILITIES and NET POSITION**

Current Liabilities:

Accounts payable	\$ 17,129
Accrued expenses	10,910
Tenant security deposit liability	39,584
Unearned revenue	6,475
Total Current Liabilities	74,098

Non-Current Liabilities:

Accrued compensated absences	2,010
Accrued pension	113,645
	115,655

Total Non-Current Liabilities	115,655
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Total Liabilities	189,753
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Deferred inflow of resources	2,756
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Net Position:

Net investment in capital assets	1,716,540
Unrestricted net position	975,110
Total Net Position	2,691,650

Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,884,159
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**Housing Authority of the City of Kendallville**  
**Statement of Revenues, Expenses, And**  
**Changes in Net Position**  
**Year Ended December 31, 2023**

**OPERATING REVENUES:**

Net tenant rental revenue	\$	487,966
Tenant revenue-other		21,321
Operating grants		<u>207,282</u>
Total operating revenues		<u>716,569</u>

**OPERATING EXPENSES:**

Administrative		188,956
Tenant services		1,708
Utilities		140,828
Maintenance		273,809
Insurance		32,437
General expenses		17,511
Depreciation		<u>180,767</u>
Total operating expenses		<u>836,016</u>
Operating income (loss)		<u>(119,447)</u>

**NONOPERATING REVENUES:**

Investment income		13,118
Other revenue		<u>74,315</u>
Total non-operating revenues		<u>87,433</u>

**NONOPERATING EXPENSES:**

Loss on sale of asset		<u>(1,598)</u>
Total non-operating expenses		<u>(1,598)</u>

**CAPITAL CONTRIBUTIONS**

		<u>0</u>
Change in net position		(33,612)
Net Position, beginning		<u>2,725,262</u>
Net Position, ending	\$	<u><u>2,691,650</u></u>

See notes to financial statements

**Housing Authority of the City of Kendallville**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from dwelling and non dwelling rents	\$ 511,750
Cash received from operating grants	197,648
Cash payments to other suppliers of goods and services	(334,715)
Cash payments to employees for services	(343,276)
	31,407

Net cash provided by operating activities 31,407

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Tenant security deposits	1,344
Other income	74,315
	75,659

Net cash provided by noncapital financing activities 75,659

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Payments for capital acquisitions	(43,098)
Loss on sale of assets	(1,598)
Capital Grants	0
	(44,696)

Net cash (used) by capital and related financing activities (44,696)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of investments	(1,325)
Receipt of interest income	12,067
	10,742

Net cash provided by investing activities 10,742

Net increase (decrease) in cash 73,112

Cash and cash equivalents, beginning 613,647

Cash and cash equivalents, ending \$ 686,759

See notes to financial statements

**Housing Authority of the City of Kendallville**  
**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2023**

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

Operating income (loss)	\$	(119,447)
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		180,767
Allowance for accounts receivable		500
Allowance for obsolete inventories		(56)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable- tenants		(396)
Accounts receivable-HUD		(9,634)
Inventories		(7,976)
Deferred outflow of resources		(5,658)
Prepaid expenses		(11,307)
Increase (decrease) in liabilities:		
Accounts payable-trade		(824)
Unearned revenue		2,359
Accrued wages/payroll taxes payable		(3,508)
Accrued compensated absences		200
Deferred inflow of resources		(6,335)
Accrued pension liabilities		12,722
		12,722
Net cash provided by operating activities	\$	31,407

See notes to financial statements

**Housing Authority of the City of Kendallville**  
**Notes to Financial Statements**  
**December 31, 2023**

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

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

1. Reporting Entity

The Housing Authority’s financial statements include the accounts of all of the Housing Authority’s operations, including the blended component unit of Kendallville Housing Finance Corporation.

The accompanying financial statements include the activities of the Kendallville Housing Finance Corporation and it is blended into the enterprise funds. The Kendallville Housing Finance Corporation was organized as a charitable, not-for-profit corporation to act as an instrument of the Kendallville Housing Authority. The purpose of the Corporation is to promote and advance decent, safe and sanitary housing for persons of low income, particularly low income families of Kendallville and City of Noble in Indiana. The Corporation assists the Housing Authority of Kendallville by borrowing and lending funds to finance the development of low income housing projects which have been approved by the Authority.

The Housing Authority maintains its accounting records by program and operates the following programs:

**Low Income Public Housing**

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 118 federal public housing units through this program.

**Public Housing Capital Fund**

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

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

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

3. Measurement Focus

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

4. Basis of Accounting

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

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

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

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

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

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

5. Budgets and Budgetary Accounting

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

6. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts, savings accounts, and certificates of deposits or short term investments with an original maturity of three months or less. The cash equivalents are recorded at cost, which approximates market.

Investments are carried at fair value except for short term U.S. treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price.

7. Tenant Accounts Receivable and Allowance for Bad Debts

Receivables consist of all revenues earned at year end and not yet received. Tenant accounts receivable, accrued interest receivable, and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

8. Inventories

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

9. Prepaid Expenses

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

10. Compensated Absences

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

11. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Non-operating revenues and expenses are those that are not operating in nature.

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

12. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended December 31, 2023, there were no inter-program receivables and payables, there were no equity transfers from the capital fund program to the low rent program and there was \$16,000 in operating transfers from the capital fund program to the low rent program.

13. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$100 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15	-	40 years
Furniture, equipment, and machinery- dwelling	3	-	10 years
Furniture, equipment, and machinery- administrative	3	-	10 years
Leasehold improvements	15	-	40 years

Land and land improvements include approximately \$388,549 of capitalized land that is not subject to depreciation.

14. Income Taxes

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

15. Use of Estimates

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

16. Deferred Outflows/Inflows of Resources

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

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

17. Unearned Revenue

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

18. Comparative Data

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

19. Net Position

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

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

20. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including May 28, 2024, which is the date the financial statements were available to be issued.

**NOTE B: CASH AND CASH EQUIVALENTS**

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

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations (checking and savings accounts)	\$ 686,759
Certificate of deposit	<u>137,220</u>
Total	<u>\$ 823,979</u>

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

Bank deposits (checking and savings accounts and certificate of deposit)	<u>\$ 823,879</u>
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**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. At year end, The Housing Authority had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

**NOTE C: CAPITAL ASSETS**

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

	<u>Balance 12/31/22</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 12/31/23</u>
<b>Low Rent Program</b>				
Land	\$ 388,549	\$ 0	\$ 0	\$ 388,549
Buildings	6,856,522	30,193	0	6,886,715
Furniture, equipment & machinery - dwellings	138,780	0	(31,130)	107,650
Furniture, equipment & machinery - administration	175,923	0	(8,605)	167,318
Construction in progress	<u>0</u>	<u>6,400</u>	<u>0</u>	<u>6,400</u>
	7,559,774	<u>\$ 36,593</u>	<u>\$ (39,735)</u>	7,556,632
Less accumulated depreciation	<u>(5,703,651)</u>	<u>\$ (180,767)</u>	<u>\$ 44,326</u>	<u>(5,840,092)</u>
Total	<u>\$ 1,856,123</u>			<u>\$ 1,716,540</u>
 <b>Component Unit</b>				
Furniture, equipment & machinery - administration	<u>\$ 12,123</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,123</u>
	12,123	<u>\$ 0</u>	<u>\$ 0</u>	12,123
Less accumulated depreciation	<u>(12,123)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(12,123)</u>
Total	<u>\$ 0</u>			<u>\$ 0</u>
<b>Combined Totals</b>				<u>\$ 1,716,540</u>

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

Business-type activities:	
Low Rent Program	<u>\$ 180,767</u>

**NOTE D: NON-CURRENT LIABILITIES**

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

Accrued pension	\$ 113,645
Accrued compensated absences	2,010
	<u>\$ 115,655</u>

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

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/23</u>	<u>Amounts Due within One Year</u>
Accrued pension	\$ 100,923	\$ 12,722	\$ 0	\$ 113,645	\$ 0
Accrued absences	1,560	450	0	2,010	1,292
	<u>\$ 102,483</u>	<u>\$ 13,172</u>	<u>\$ 0</u>	<u>\$ 115,655</u>	<u>\$ 1,292</u>

**NOTE E: COMMITMENTS AND CONTINGENCIES****Commitments – Construction**

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

	<u>IN36P036501-21</u>	<u>IN36P036501-22</u>	<u>IN36P036501-20</u>
Funds Approved	\$ 223,590	\$ 275,768	\$ 215,225
Funds Expended	(213,916)	(0)	(215,225)
Excess of Funds Approved	<u>\$ 9,674</u>	<u>\$ 275,768</u>	<u>\$ 0</u>
Funds Advanced (HUD Grants)	\$ 213,916	\$ 0	\$ 215,225
Funds Expended	(213,916)	(0)	(215,225)
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The audited costs for the 2020 CFP agree with the costs shown on the Form HUD-53001. The 2023 CFP Grant is approved for \$280,802, but none has been expended as of December 31, 2023.

**Contingencies**

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

**NOTE F: RISK MANAGEMENT**

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

## **NOTE G: RETIREMENT PLAN**

### ***Description of Pension Plan***

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

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

### ***Benefits Provided***

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

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

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

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

In lieu of a cost of living adjustment (COLA) on January 1, 2023, members in pay were provided a 13<sup>th</sup> check on October 1, 2020. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2023  
0.5% beginning on January 1, 2034  
0.6% beginning on January 1, 2039

The PERF hybrid plan also provides disability and survivor benefits.

**NOTE G: RETIREMENT PLAN (CONTINUED)**

***Contributions***

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10 ,2-2-11. During 2023, all participating employers contributed an average of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended September 30, 2023 was \$22,685. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion. The annuity savings account benefit is in addition to the annuity benefits provided by employer contributions. During 2018, the annuity savings accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

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

At December 31, 2023, the Housing Authority reported a liability of \$100,923 for its proportionate share of the net position liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the Housing Authority's proportion was 0.0000322%, which was an increase of 0.0000001% from its proportion measured as of June 30, 2023.

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

For the year ended December 31, 2023, the Housing Authority recognized pension expense of \$22,533:

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,325	\$ 0
Net differences between projected and actual earnings on pension plan investments	25,048	0
Changes in assumptions	6,197	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,344	2,756
Adjustment	11,556	0
<b>Total</b>	<b>\$ 46,470</b>	<b>\$ 2,756</b>

**NOTE G: RETIREMENT PLAN (CONTINUED)**

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

<u>Year ended:</u>	<u>Amortization of net Deferred outflows (inflows) or resources</u>
2024	\$ 11,089
2025	1,220
2026	17,300
2027	3,549
2028	0
Thereafter	0
<b>Total</b>	<b>\$ 33,158</b>

***Actuarial Assumptions***

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

Type of Plan	The Public Employees' Retirement Fund is a cost-sharing multiple-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2023
Valuation Date:	
Assets:	June 30, 2023
Liabilities:	June 30, 2021-The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.00%
Future Salary Increases	2.65%-8.65% based on service
Cost-of-Living Increases	As of June 30, 2023: Members in pay were granted a 1.00% COLA on January 1, 2023 and no COLA on January 1, 2023.
Long-Term Expected Rate of Return	6.6%
Discount Rate	6.25%, net of investment expenses:
Salary Increases:	
Inflation	2.00%
Future salary increases	2.65% - 8.65% based on service
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019. Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females, Retirees - General Retiree table with a 3 year set forward for males and 1 year set forward for females, Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females. Disableds – General Disabled table with a 140% loan.

**NOTE G: RETIREMENT PLAN (CONTINUED)**

*Long-Term Expected Return on Plan Assets* – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates or return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Target Range %</u>
Public Equity	21.0%	19.5-24.5%
Private Markets	14.8%	10.0-18.0%
Fixed Income-Ex Inflation-Linked	15.7%	17.0-23.0%
Fixed Income-Inflation-Linked	7.2%	4.0-10.0%
Commodities	8.2%	6.0-10.0%
Real Estate	6.4%	3.5-10.5%
Absolute Return	9.3%	6.0-14.0%
Risk Party	15.9%	7.0-17.0%
Cash + Cash Overlay	1.5%	N/A
Total	<u>100%</u>	<u>100.0%</u>

***Single Discount Rate***

The discount rate used to measure the total pension liability was 6.25% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

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

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

	<u>1% Decrease to Discount Rate (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase To Discount Rate (7.25%)</u>
City of Kendallville HA proportionate share of the net pension liability	<u>\$ 185,205</u>	<u>\$ 113,645</u>	<u>\$ 53,978</u>

**NOTE G: RETIREMENT PLAN (CONTINUED)**

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at [https://www.in.gov/inprs/files/INPRSConsolidated\\_CAFR\\_FY20.pdf](https://www.in.gov/inprs/files/INPRSConsolidated_CAFR_FY20.pdf).

***Payables to the Pension Plan***

At December 31, 2023, the Housing Authority reported a payable of \$113,645 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

<b>Net Pension Liability as of 2022</b>	<b>\$ 100,923</b>
:	
Deferred Outflow/inflow of Resources:	
- Differences Between Expected and Actual Experience	533
- Net Difference Between Projected and Actual Investment	13,593
- Change in Assumptions	(3,154)
- Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1,901
Pension Expense/Income	22,533
Contributions	<u>(22,685)</u>
Total Activity in FY 2023	<u>12,722</u>
<b>Net Pension Liability as of 2023</b>	<b><u>\$ 113,645</u></b>

The pension information is not audited.

**SUPPLEMENTARY INFORMATION**

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

**Independent Accountant’s Report on Applying Agreed-Upon Procedure**

To the Board of Commissioner  
Kendallville Housing Authority

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

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

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

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Kendallville Housing Authority as of and for the year ended December 31, 2023, and have issued our reports thereon dated May 28, 2024. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated May 28, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

**Independent Accountant’s Report on Applying Agreed-Upon Procedure**

**Page Two**

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

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

*Barry E. Gaudette, CPA, PC*

May 28, 2024

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

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

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

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

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

Board of Housing Commissioners  
Housing Authority of the City of Kendallville  
Kendallville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Kendallville, Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Kendallville, Indiana's basic financial statements, and have issued our report thereon dated May 28, 2024.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Barry E. Gaudette, CPA*

May 28, 2024

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

There were no prior year findings.