



**STATE OF INDIANA**  
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April 26, 2024

Board of Commissioners  
Housing Authority of the City of Warsaw  
Kosciusko County, Indiana

We have reviewed the audit report of the Housing Authority of the City of Warsaw, which was opined on by Audit Solutions, LLC, for the period October 1, 2022 to September 30, 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 Warsaw as of September 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Audit Solutions, LLC, 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.

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

Tammy R. White, CPA  
Deputy State Examiner

**HOUSING AUTHORITY OF THE CITY OF WARSAW  
MILFORD, INDIANA**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

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# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Warsaw  
Milford, Indiana

### Report on the Audit of the Financial Statements

#### *Opinions*

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Warsaw (Authority), Indiana, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 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*

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

My 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 my opinions. 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 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 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*, I:

- 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 my 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 of time.

I am 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 I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-v, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 21, 2024, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

***Audit Solutions, LLC***

Chesterfield, MO

March 21, 2024

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
September 30, 2023

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This section of the Warsaw Housing Authority, Indiana (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on September 30, 2023. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**FINANCIAL HIGHLIGHTS**

- The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of September 30, 2023, was \$235,937. The net position increased by \$25,695, an increase of 12.2% over the prior year.
- Revenues for the Authority were \$2,497,124 for the year ended September 30, 2023. This was an increase of \$264,562 or 11.9% over the prior year.
- Expenses for the Authority were \$2,471,429 for the year ended September 30, 2023. This was an increase of \$208,232 or 9.2% over the prior year.
- Governmental grants and subsidy for the Authority was \$2,407,401 for the year ended September 30, 2023, an increase of \$253,409 or 11.8% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Required Financial Statements**

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

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

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)  
September 30, 2023

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

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 Data*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended September 30, 2023, and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$235,937 at the close of the year ended September 30, 2023, up from \$210,242 in fiscal year 2022. The increase in net position of \$25,695 was due to the reasons noted below.

- Current assets include cash, investments, receivables, and prepaid expenses. Current assets increased \$18,757 due to a \$23,015 increase in cash and investments. This was partially offset by a \$3,996 decrease in receivables and a \$264 decrease in prepaid expenses.
- Capital assets increased \$1,881 because current year capital asset additions exceeded current year depreciation. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities decreased \$5,440 or 18.8% mostly due to a decrease in the current portion of accrued compensated absences of \$7,747. This was partially offset by an increase in accrued wages and payroll taxes payable of \$1,825.
- Noncurrent liabilities increased \$383 or 0.8% from FY 2022.

The unrestricted net position was \$205,261 as of September 30, 2023. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for seven months, excluding housing assistance payments. The restricted net position was \$22,572 as of September 30, 2023. This amount may only be used for Section 8 Voucher housing assistance payments. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.



HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
September 30, 2023

**FINANCIAL ANALYSIS – (Continued)**

**CONDENSED STATEMENTS OF NET POSITION**

	FY 2023	FY 2022	Dollar Change	Percent Change
Current assets	\$ 299,076	\$ 280,319	\$ 18,757	6.7%
Capital assets	8,104	6,223	1,881	30.2%
Total Assets	307,180	286,542	20,638	7.2%
Current liabilities	23,483	28,923	(5,440)	-18.8%
Noncurrent liabilities	47,760	47,377	383	0.8%
Total Liabilities	71,243	76,300	(5,057)	-6.6%
<b>Net Position</b>				
Net investment in capital assets	8,104	6,223	1,881	30.2%
Restricted	22,572	28,718	(6,146)	-21.4%
Unrestricted	205,261	175,301	29,960	17.1%
Total Net Position	\$ 235,937	\$ 210,242	\$ 25,695	12.2%

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.

As can be seen in the table on the following page, total revenues increased \$264,562 due to the reasons noted below.

- Governmental grants and subsidy increased \$253,409 due to a \$256,726 increase in HUD housing assistance and administrative fees for the Housing Choice Voucher program. This was partially offset by a \$7,067 decrease in funding received from the Housing Choice Voucher CARES Act.
- Miscellaneous revenue increased \$11,272 or 14.4% from FY 2022.
- Investment income decreased \$119 from FY 2022.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
September 30, 2023

**FINANCIAL ANALYSIS – (Continued)**

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

	FY 2023	FY 2022	Dollar Change	Percent Change
<b>Revenues</b>				
Operating - non-operating - capital contributions:				
Governmental grants and subsidy	2,407,401	2,153,992	253,409	11.8%
Miscellaneous revenue	89,696	78,424	11,272	14.4%
Investment income	27	146	(119)	-81.5%
Total Revenues	2,497,124	2,232,562	264,562	11.9%
<b>Expenses</b>				
Administrative	287,501	264,578	22,923	8.7%
Utilities	1,874	1,860	14	0.8%
Ordinary maintenance & operation	2,242	3,011	(769)	-25.5%
Insurance	8,099	8,773	(674)	-7.7%
General expense	24,228	40,216	(15,988)	-39.8%
Housing assistance payments	2,144,669	1,942,541	202,128	10.4%
Depreciation expense	2,816	2,218	598	27.0%
Total Expenses	2,471,429	2,263,197	208,232	9.2%
Changes in net position	25,695	(30,635)	56,330	
Net position, beginning of year	210,242	240,877	(30,635)	
Net position, end of year	\$ 235,937	\$ 210,242	\$ 25,695	

Total expenses increased \$208,232 due to the reasons noted below.

- Administration increased \$22,923 or 8.7% from FY 2022 primarily due to an increase in administrative wages and benefits of \$22,389 or 13.1%.
- Utilities increased \$14 or 0.8% from FY 2022.
- Ordinary maintenance and operation decreased \$769 or 25.5% from FY 2022 due to a decrease in services contracted for repair and maintenance.
- Insurance decreased \$674 or 7.7% from FY 2022.
- General expense decreased \$15,988 or 39.8% from FY 2022 mostly due to a \$14,338 decrease in expense for compensated absences.
- Housing assistance payments increased \$202,128 or 10.4% from FY 2022. The Authority had a 2.5% increase in voucher lease-up rate and an increase in average housing assistance payment per unit of \$32.82 or 7.8%.
- The Authority had a \$598 or 27.0% increase in depreciation, which is the write-off of capital assets over their estimated useful life.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
September 30, 2023

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**FINANCIAL ANALYSIS – (Continued)**

The Authority is authorized to assist 512 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease up rate for fiscal year ending September 30, 2023, was 76.5%, up from 74.7% in FY 2022.

**CAPITAL ASSETS**

The Warsaw Housing Authority, Indiana’s investment in capital assets net of related debt, as of September 30, 2023, amounts to \$8,104 (net of accumulated depreciation). The investment in capital assets includes equipment.

*Capital Assets* – The total increase in the Authority’s capital assets for the current fiscal year was 30.2% in terms of net book value. Depreciation charges for the year totaled \$2,816. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$6,223	\$4,697	\$(2,816)	\$(0)	\$8,104

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

The Authority is eligible to receive continuing budget authority during FY 2024 for assisting participants in the Housing Choice Voucher program. In addition to continuing budget authority the Authority has \$22,572 in HAP Reserves to be used for housing assistance payments. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2024 and adjusted for pro-ration which is currently at 97.50%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Pamela Kennedy, Executive Director, Warsaw Housing Authority, P.O. Box 387, Milford, Indiana 46542.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**STATEMENT OF NET POSITION**  
September 30, 2023

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$	256,137
Cash - restricted		22,572
Investments		3,237
Receivables - net of allowances		8,904
Prepaid expenses		<u>8,226</u>

Total Current Assets 299,076

Non-current Assets:

Capital assets:

Other capital assets, net of depreciation		<u>8,104</u>
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Total capital assets - net 8,104

Total Non-current Assets 8,104

Total Assets \$ 307,180

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**STATEMENT OF NET POSITION – (Continued)**  
For the Year Ended September 30, 2023

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**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 3,336
Accrued salaries and benefits	9,833
Accrued compensated absences	1,342
Unearned revenues	<u>8,972</u>

Total Current Liabilities 23,483

Non-current Liabilities:

Non-current liabilities - Other	<u>47,760</u>
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Total Non-current Liabilities 47,760

Total Liabilities 71,243

**NET POSITION**

Net investment in capital assets	8,104
Restricted	22,572
Unrestricted	<u>205,261</u>

Total Net Position 235,937

Total Liabilities and Net Position \$ 307,180

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Year Ended September 30, 2023

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<b>OPERATING REVENUES</b>	
Governmental grants and subsidy	\$ 2,407,401
Miscellaneous	<u>89,696</u>
Total operating revenue	<u>2,497,097</u>
<b>OPERATING EXPENSES</b>	
Administrative	287,501
Utilities	1,874
Ordinary maintenance and operations	2,242
Insurance	8,099
General	24,228
Housing assistance payment	2,144,669
Depreciation expense	<u>2,816</u>
Total operating expenses	<u>2,471,429</u>
Operating income (loss)	<u>25,668</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	<u>27</u>
Net non-operating revenues (expenses)	<u>27</u>
Income (loss) before contributions and transfers	<u>25,695</u>
Change in net position	25,695
Total net position - beginning of year	<u>210,242</u>
Total net position - end of year	<u>\$ 235,937</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2023

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from governmental grants and subsidy	\$ 2,413,913
Received from other operating activities	87,402
Payments for goods and services	(127,275)
Payments to employees	(202,067)
Payment for housing assistance	<u>(2,144,669)</u>

Net cash provided by (used in) operating activities 27,304

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

Purchases of capital assets	(4,697)
Receipts (payments) from deferred credits and escrow deposits	<u>383</u>

Net cash provided by (used in) capital and related financing activities (4,314)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds (payments) from sale (purchase) of investments	(2)
Receipts of interest and dividends	<u>27</u>

Net cash provided by (used in) investing activities 25

Net increase (decrease) in cash and cash equivalents 23,015  
Cash and cash equivalents at beginning of year 255,694

Cash and cash equivalents at end of year \$ 278,709

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**STATEMENT OF CASH FLOWS – (Continued)**  
For the Year Ended September 30, 2023

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**Reconciliation of operating income (loss) to net cash provided (used) by operating activities**

Operating income (loss)	\$	25,668
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		2,816
Change in assets and liabilities:		
Receivables, net		3,996
Prepaid expenses		264
Accounts and other payables		291
Unearned revenues		222
Compensated absences		(7,747)
Accrued expenses		<u>1,794</u>
Net cash provided by (used) by operating activities	\$	<u><u>27,304</u></u>

See accompanying notes to the basic financial statements



HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS  
September 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Housing Authority of the City of Warsaw (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority administers the Section 8 Housing Choice Vouchers program which provides housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD). The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1A. Financial Reporting Entity**

The Authority's financial reporting entity comprises the following:

Primary Government:                      Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and 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. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

**1B. Basis of Presentation**

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

**Proprietary Fund Types** - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are the determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

**Enterprise Fund** - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)  
September 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**1B. Basis of Presentation – (Continued)**

The Authority operates the following program in the enterprise fund:

**Section 8 Housing Choice Vouchers** - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

**Business Activities** – WHA receives funding annually from the City of Warsaw and the City of Goshen. The contracts state the funding is to provide for the following: WHA is to assist with the community in interests and issues involving affordable, safe, and healthy housing, maintain the Home of Your Own bank account for the City of Warsaw and assist families when needing repairs on their homes in Warsaw to use the HOYO account. The funding is also to assist WHA in administration costs. The city’s funding is to be used to administer the Rental Education Course to new voucher holders and provide the funding to reward the families attending the class with \$400 toward their deposit or rent account. The City of Goshen contract states WHA will have a presence in Goshen for recertifications and to receive pre applications.

**1C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

**1D. Budgets**

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for the operating program which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

**1E. Estimates and assumptions**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)  
September 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**1F. Assets, Liabilities, and Equity**

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

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. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of miscellaneous and fraud recovery.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 years
Furniture, equipment and machinery - administrative	3-7 years

Compensated Absences

The Authority’s policies regarding vacation time do not permit employees to carry forward unused vacation leave at December 31st. As such, all liability is considered short term at year-end September 30th.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)  
September 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**1F. Assets, Liabilities, and Equity – (Continued)**

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$22,572 of restricted net position which consists of HAP funds under Section 8 Housing Choice Vouchers program.
- 3) Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority’s policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

**1G. Revenues, Expenditures, and Expenses**

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, non-capital financing, or investing activities.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority’s compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**2A. Program Accounting Requirements**

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Business Activities	Housing Authority

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)  
September 30, 2023

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (Continued)**

**2B. Deposits and Investments Laws and Regulations**

It is the Authority’s policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

**2C. Revenue Restrictions**

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Housing Assistance Payment Grant	For HAP purposes only

For the year ended September 30, 2023, the Authority complied, in all material respects, with these revenue restrictions.

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3A. Cash and Investments**

As of September 30, 2023, the Authority had the following cash deposits:

Cash deposits	\$ 278,709
Certificate of deposit	<u>3,237</u>
Total	<u>\$ 281,946</u>

Following is a reconciliation of the Authority’s deposit balances as of September 30, 2023:

Cash and cash equivalents	\$ 256,137
Restricted assets	22,572
Investments	<u>3,237</u>
Total	<u>\$ 281,946</u>

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)**  
September 30, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)**

**3A. Cash and Investments – (Continued)**

**Deposits**

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At September 30, 2023, the Authority’s bank balances of \$295,908 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At September 30, 2023, the Authority’s investment balance of \$3,237 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority’s investments consist entirely of a certificate of deposit, credit risk is not applicable to the Housing Authority.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At September 30, 2023, the concentration of the Authority’s investment (excluding cash deposits) was as follows:

Type of Investment	Market Value	Maturity Date
Certificate of Deposit	\$ <u>3,237</u>	2/1/2024

**3B. Restricted Assets**

Restricted assets at September 30, 2023 consist of the following:

Type of Restricted Assets	Cash	Investments	Accrued Interest	Total
HAP	\$ <u>22,572</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>22,572</u>

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)**  
September 30, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)**

**3C. Accounts Receivable**

Receivables at September 30, 2023 consist of the following:

Tenants – Fraud recovery	\$	50,912
Less: Allowance for doubtful account		<u>(43,275)</u>
Tenants – Fraud recovery – net of allowance		7,637
Miscellaneous		<u>1,267</u>
Total receivables	\$	<u><u>8,904</u></u>

**3D. Capital Assets**

A summary of capital asset activity for the year ended September 30, 2023, is as follows:

	<b>Balance October 1, 2022</b>	<b>Additions</b>	<b>(Retirement)</b>	<b>Balance September 30, 2023</b>
<b>Depreciable assets:</b>				
Building	\$ 5,665	\$ -	\$ -	\$ 5,665
Equipment - administration	<u>35,155</u>	<u>4,697</u>	<u>-</u>	<u>39,852</u>
<b>Total depreciable assets</b>	40,820	4,697	-	45,517
<b>Accumulated depreciation</b>	<u>(34,597)</u>	<u>(2,816)</u>	<u>-</u>	<u>(37,413)</u>
<b>Total depreciable assets, net</b>	<u>6,223</u>	<u>1,881</u>	<u>-</u>	<u>8,104</u>
<b>Capital assets, net</b>	<u>\$ 6,223</u>	<u>\$ 1,881</u>	<u>\$ -</u>	<u>\$ 8,104</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Housing Choice Vouchers	\$ 2,374
Business Activities	<u>442</u>
Total depreciation expense	<u>\$ 2,816</u>

**3E. Accounts Payable**

Accounts payable at September 30, 2023 consist of the following:

Vendors	\$ 3,227
Accrued utilities	<u>109</u>
Total Accounts Payable	<u>\$ 3,336</u>

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)**  
September 30, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)**

**3F. Non-current liabilities**

Non-current liabilities at September 30, 2023 consist of the following:

Home of Your Own (HOYO) revolving account	\$ <u>47,760</u>
Total Non-current liabilities	\$ <u>47,760</u>

Changes in non-current liabilities

The following is the summary of changes in non-current liabilities:

<b>Description</b>	<b>Balance October 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2023</b>	<b>Amounts Due within One Year</b>
HOYO revolving account	\$ <u>47,377</u>	\$ <u>383</u>	\$ <u>---</u>	\$ <u>47,760</u>	\$ <u>---</u>

**NOTE 4 – OTHER NOTES**

**4A. Employee Pension Plan**

The Authority does not provide pension benefits to its employees. As such, no pension contributions were made in FY 2023.

**4B. Financial Data Schedule**

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense and Housing Assistance Payment (HAP) and includes investment income in operating activities, which differs from the presentation of basic financial statements.



HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)  
September 30, 2023

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**NOTE 4 – OTHER NOTES – (Continued)**

**4C. Risk Management**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<b><u>Type of Loss</u></b>	<b><u>Method Managed</u></b>
a. Torts, errors and omissions	Purchased insurance with Indiana Farmers Mutual Insurance Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with Selective Insurance Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$500 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**4D. Contingencies**

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

**4E. Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 21, 2024, and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

**4F. Economic Dependency**

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2024 federal budget.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2023

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ <u>2,407,401</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ <u><u>2,407,401</u></u></b>

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Warsaw (Authority) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**FINANCIAL DATA SCHEDULE**  
Year Ended September 30, 2023

	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$216,120	\$40,017	\$256,137	\$256,137
113 Cash - Other Restricted		\$22,572	\$22,572	\$22,572
100 Total Cash	\$216,120	\$62,589	\$278,709	\$278,709
125 Accounts Receivable - Miscellaneous	\$1,267		\$1,267	\$1,267
128 Fraud Recovery		\$50,912	\$50,912	\$50,912
128.1 Allowance for Doubtful Accounts - Fraud		-\$43,275	-\$43,275	-\$43,275
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,267	\$7,637	\$8,904	\$8,904
131 Investments - Unrestricted	\$3,237		\$3,237	\$3,237
142 Prepaid Expenses and Other Assets	\$159	\$8,067	\$8,226	\$8,226
150 Total Current Assets	\$220,783	\$78,293	\$299,076	\$299,076
162 Buildings	\$5,665		\$5,665	\$5,665
164 Furniture, Equipment & Machinery - Administration	\$11,196	\$28,656	\$39,852	\$39,852
166 Accumulated Depreciation	-\$15,759	-\$21,654	-\$37,413	-\$37,413
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,102	\$7,002	\$8,104	\$8,104
180 Total Non-Current Assets	\$1,102	\$7,002	\$8,104	\$8,104
290 Total Assets and Deferred Outflow of Resources	\$221,885	\$85,295	\$307,180	\$307,180
312 Accounts Payable <= 90 Days	\$3,227		\$3,227	\$3,227
321 Accrued Wage/Payroll Taxes Payable	\$1,413	\$8,420	\$9,833	\$9,833
322 Accrued Compensated Absences - Current Portion	\$87	\$1,255	\$1,342	\$1,342
342 Unearned Revenue	\$8,750	\$222	\$8,972	\$8,972
346 Accrued Liabilities - Other	\$109		\$109	\$109
310 Total Current Liabilities	\$13,586	\$9,897	\$23,483	\$23,483
353 Non-current Liabilities - Other	\$47,760		\$47,760	\$47,760
350 Total Non-Current Liabilities	\$47,760		\$47,760	\$47,760
300 Total Liabilities	\$61,346	\$9,897	\$71,243	\$71,243
508.4 Net Investment in Capital Assets	\$1,102	\$7,002	\$8,104	\$8,104
511.4 Restricted Net Position		\$22,572	\$22,572	\$22,572
512.4 Unrestricted Net Position	\$159,437	\$45,824	\$205,261	\$205,261
513 Total Equity - Net Assets / Position	\$160,539	\$75,398	\$235,937	\$235,937
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$221,885	\$85,295	\$307,180	\$307,180

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**FINANCIAL DATA SCHEDULE – (Continued)**  
Year Ended September 30, 2023

	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	Total
70600 HUD PHA Operating Grants		\$2,407,401	\$2,407,401	\$2,407,401
71100 Investment Income - Unrestricted	\$17	\$10	\$27	\$27
71400 Fraud Recovery		\$23,424	\$23,424	\$23,424
71500 Other Revenue	\$62,600	\$3,672	\$66,272	\$66,272
70000 Total Revenue	\$62,617	\$2,434,507	\$2,497,124	\$2,497,124
91100 Administrative Salaries	\$8,291	\$170,891	\$179,182	\$179,182
91200 Auditing Fees	\$700	\$7,000	\$7,700	\$7,700
91400 Advertising and Marketing		\$221	\$221	\$221
91500 Employee Benefit contributions - Administrative	\$935	\$13,750	\$14,685	\$14,685
91600 Office Expenses	\$7,332	\$34,993	\$42,325	\$42,325
91800 Travel	\$643	\$7,513	\$8,156	\$8,156
91900 Other	\$5,904	\$29,328	\$35,232	\$35,232
91000 Total Operating - Administrative	\$23,805	\$263,696	\$287,501	\$287,501
93800 Other Utilities Expense	\$1,874		\$1,874	\$1,874
93000 Total Utilities	\$1,874	\$0	\$1,874	\$1,874
94300 Ordinary Maintenance and Operations Contracts	\$1,259	\$983	\$2,242	\$2,242
94000 Total Maintenance	\$1,259	\$983	\$2,242	\$2,242
96110 Property Insurance	\$81	\$189	\$270	\$270
96120 Liability Insurance	\$81	\$7,172	\$7,253	\$7,253
96130 Workmen's Compensation	\$173	\$403	\$576	\$576
96100 Total insurance Premiums	\$335	\$7,764	\$8,099	\$8,099
96200 Other General Expenses	\$21,950		\$21,950	\$21,950
96210 Compensated Absences	\$132	\$2,146	\$2,278	\$2,278
96000 Total Other General Expenses	\$22,082	\$2,146	\$24,228	\$24,228
96900 Total Operating Expenses	\$49,355	\$274,589	\$323,944	\$323,944
97000 Excess of Operating Revenue over Operating Expenses	\$13,262	\$2,159,918	\$2,173,180	\$2,173,180
97300 Housing Assistance Payments		\$2,140,997	\$2,140,997	\$2,140,997
97350 HAP Portability-In		\$3,672	\$3,672	\$3,672
97400 Depreciation Expense	\$442	\$2,374	\$2,816	\$2,816
90000 Total Expenses	\$49,797	\$2,421,632	\$2,471,429	\$2,471,429
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$12,820	\$12,875	\$25,695	\$25,695
11030 Beginning Equity	\$147,719	\$62,523	\$210,242	\$210,242
11170 Administrative Fee Equity		\$52,826	\$52,826	\$52,826
11180 Housing Assistance Payments Equity		\$22,572	\$22,572	\$22,572
11190 Unit Months Available		6144	6144	6144
11210 Number of Unit Months Leased		4701	4701	4701



# Audit Solutions, LLC.

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Certified Public Accountant

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Housing Authority of the City of Warsaw  
Milford, Indiana

I 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 Warsaw (Authority), Indiana, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 21, 2024.

### **Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

*Audit Solutions, LLC*

Chesterfield, Missouri

March 21, 2024



# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
Housing Authority of the City of Warsaw  
Milford, Indiana

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

I have audited the Housing Authority of the City of Warsaw (Authority), Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my 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 September 30, 2023.

### ***Basis for Opinion on Each Major Federal Program***

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

***Audit Solutions, LLC***

Chesterfield, Missouri

March 21, 2024





# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Housing Authority of the City of Warsaw  
Milford, Indiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Warsaw and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures 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 the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I 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.

I 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 results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended September 30, 2023, and have issued my report thereon dated March 21, 2024. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated March 21, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

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

*Audit Solutions, LLC*

Chesterfield, Missouri  
March 21, 2024

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**AGREED UPON PROCEDURES**  
September 30, 2023

<b>Procedure</b>	<b>UFRS Rule Information</b>	<b>Hard Copy Document(s)</b>	<b>Agrees</b>
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF WARSAW  
Milford, Indiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
September 30, 2023

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of Major programs:</u>	
➤ ALN #14.871            Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

The current audit report for the year ended September 30, 2023, disclosed no Financial Statement audit findings.

**Section III - Federal Award Findings and Questioned Costs**

The current audit report for the year ended September 30, 2023, disclosed no Federal Awards audit findings and questioned costs.