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AN EQUAL OPPORTUNITY EMPLOYER

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January 26, 2023

Board of Directors
Housing Authority of Cannelton
PO Box 336
Tell City, IN 47586

We have reviewed the audit report of the Housing Authority of Cannelton, which was opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountant, for the period April 1, 2021 to March 31, 2022. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of Cannelton, as of March 31, 2022 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.

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

Tammy R. White, CPA
Deputy State Examiner

Housing Authority of Cannelton Cannelton, Indiana

**Financial Statements
With Supplementary Information
Year Ended March 31, 2022
With Independent Auditors' Report**

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana
March 31, 2022

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Independent Auditors' Report

Board of Directors
Housing Authority of Cannelton
Cannelton, Indiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Housing Authority of Cannelton (the Authority) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of March 31, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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 and analysis and budgetary comparison information on pages 4–7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of Cannelton's basic financial statements. The accompanying supplementary information section containing the Financial Data Submission is presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information containing the Financial Data Submission is the responsibility of management and was derived from and relate 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 accompanying supplementary information containing the Financial Data Submission 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 December 29, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of Cannelton'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 Housing Authority of Cannelton's internal control over financial reporting and compliance.



December 29, 2022
Indianapolis, Indiana

HOUSING AUTHORITY OF CANNELTON

Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended March 31, 2022

As management of the Housing Authority of Cannelton (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2022. Beginning July 1, 2022 the operations of the Section 8 Housing Program will be handled by Lincoln Hill Development Corporation.

FINANCIAL HIGHLIGHTS

- Net position decreased by \$15,522 as of March 31, 2022.
- Operating revenue of the Authority decreased by \$27,412 from prior year results.
- The Authority's cash balance at March 31, 2022 was \$17,892, representing a decrease of \$13,269 from March 31, 2021.

OVERVIEW OF THE AUTHORITY

The Housing Authority of Cannelton is organized under the laws of the State of Indiana for the purpose of providing rent assistance for the elderly and low-income families. The Authority receives funds from HUD under Annual Contribution Contract C-2041 Cannelton, Indiana, and administers 179 Section 8 Housing Choice Voucher units.

A seven (7)-member board governs the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements consist of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Authority-wide financial statements and notes to the financial statements.

- The Authority-wide financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.
- The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Authority-wide statements.

The Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows report information about the Authority as a whole and about its activities in a format that helps the reader assess the result of operations. Each statement is a condensed presentation of sources of funding and major activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year Ended March 31, 2022

AN OVERVIEW OF THE AUTHORITY—WIDE FINANCIAL POSITION AND OPERATIONS

The Authority’s overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

Housing Authority of Cannelton
Statement of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current assets	\$ 17,892	\$ 33,414	-46.5%
Total assets	<u>17,892</u>	<u>33,414</u>	-46.5%
Current liabilities	<u>-</u>	<u>-</u>	0.0%
Total liabilities	<u>-</u>	<u>-</u>	0.0%
Net position			
Unrestricted	12,589	16,457	-23.5%
Restricted	<u>5,303</u>	<u>16,957</u>	-68.7%
Total net position	<u>\$ 17,892</u>	<u>\$ 33,414</u>	-46.5%

Cash

Total cash decreased by \$13,269 or 42.58% as of March 31, 2022 compared to March 31, 2021.

Accounts receivable

Accounts receivable decreased by \$2,253 as of March 31, 2022. As of March 31, 2022, the Authority had \$0 in fraud recovery receivables and \$0 in HUD receivables.

Accounts payable

There were no payables at March 31, 2022.

Long-term debt

The Authority does not have any long-term liabilities at this time.

Net Position

Net Position decreased by \$15,522 as of March 31, 2022. Unrestricted net position decreased by \$3,868 and the restricted net position decreased by \$11,654 in fiscal 2022.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year Ended March 31, 2022

**AN OVERVIEW OF THE AUTHORITY—WIDE FINANCIAL POSITION AND OPERATIONS –
Continued**

The results of operations for the Authority are presented below:

Housing Authority of Cannelton
Statement of Revenue, Expenses, and Changes in Net Position

	2022	2021	Increase/Decrease	
			Amount	Percentage
Revenues				
HUD PHA grants	\$ 629,955	\$ 663,077	\$ (33,122)	-5.0%
Fraud recovery	5,710	-	5,710	100.0%
Total revenue	<u>635,665</u>	<u>663,077</u>	<u>(27,412)</u>	<u>-4.1%</u>
Expenses				
Administrative	79,381	106,068	(26,687)	-25.2%
Housing assistance payments	571,818	549,644	22,174	4.0%
Total expenses	<u>651,199</u>	<u>655,712</u>	<u>(4,513)</u>	<u>-0.7%</u>
Operating income/(loss)	<u>(15,534)</u>	<u>7,365</u>	<u>(22,899)</u>	<u>-311%</u>
Nonoperating revenue				
Interest and investment revenue	12	20	(8)	-40.0%
Total nonoperating revenue	<u>12</u>	<u>20</u>	<u>(8)</u>	<u>-40.0%</u>
Excess of revenues over expenses	<u>\$ (15,522)</u>	<u>\$ 7,385</u>	<u>\$ (22,907)</u>	<u>-310%</u>

The details of the changes are explained in the Results of Operations section.

RESULTS OF OPERATIONS

Net position decreased by \$15,522 during the year ended March 31, 2022.

Operating revenues of the Authority's activities are generated principally from HUD annual contributions. During the year ended March 31, 2022, the Authority's operating revenues for its activities totaled \$635,665. Of this total, \$629,955, or 99% is from HUD annual contributions. Operating expenses of the Authority's activities consist primarily of housing assistance payments. Operating expenses totaled \$651,199 of which \$571,818, or 87.8%, were housing assistance payments. A lag between expenditures and an increase in funding for those expenditures exists.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year Ended March 31, 2022

CAPITAL ASSETS

The Authority had no capital assets as of March 31, 2022.

ECONOMIC FACTORS AFFECTING THE AUTHORITY'S FUTURE

All of the Authority's funding comes from the U.S. Department of Housing and Urban Development (HUD) in the form of Section 8 housing choice voucher payments. Over the past several years, congress and the federal government have continued to cut housing subsidies due to the changes in budget priorities. Funding reductions continue to have an impact on the Authority's economic position because the federal subsidiaries make up all of the Authority's revenue and there is still significant uncertainty about future funding levels.

As we look forward, near-term forecast for low-income housing programs continues to be unchanged, requiring the Authority to operate with less federal funding while continuing to provide high quality, affordable housing that promotes safe and vibrant communities. Plans are being made to begin advertising to persuade more landlords to participate in the housing choice voucher program.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report should be addressed to the following address:

Housing Authority of Cannelton
c/o Lincoln Hills Development Corporation
Attn: Executive Director
P.O. Box 336
Tell City, IN 47586

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Net Position
March 31, 2022

Assets	
Cash - unrestricted	\$ 12,589
Cash - restricted	<u>5,303</u>
Total current assets	<u>17,892</u>
Total assets	<u>17,892</u>
Liabilities and Net Position	
Liabilities	
	<u>-</u>
Net position	
Unrestricted	12,589
Restricted	<u>5,303</u>
Total net position	<u><u>\$ 17,892</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended March 31, 2022

	Unrestricted	Restricted	Total
Revenues			
HAP income	\$ 72,646	\$ 557,309	\$ 629,955
Investment income	12	-	12
Fraud Recovery	2,855	2,855	5,710
Total revenue	75,513	560,164	635,677
Net position released from restrictions	571,818	(571,818)	-
Total revenue and support	647,331	(11,654)	635,677
Expenses			
Auditing fees	6,100	-	6,100
Bad debt expense	6,735	-	6,735
Management fee	66,546	-	66,546
Total administrative	79,381	-	79,381
Total operating expenses	79,381	-	79,381
Housing assistance payments	571,818	-	571,818
Total expenses	651,199	-	651,199
Change in net position	(3,868)	(11,654)	(15,522)
Net position - beginning of year	16,457	16,957	33,414
Net position - end of year	\$ 12,589	\$ 5,303	\$ 17,892

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Cash Flows
Year Ended March 31, 2022

Cash Flows From Operating Activities

Cash received from HAP income	\$ 629,955
Other income from fraud recovery	1,228
Other cash received	12
Cash payments for housing assistance	(571,818)
Cash paid to management agent	(66,546)
Cash paid to other vendors	<u>(6,100)</u>

Net cash used in operating activities (13,269)

Change in cash (13,269)

Cash - beginning of year 31,161

Cash - end of year \$ 17,892

Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities

Change in net position	\$ (15,522)
Adjustments to reconcile change in net position to net cash provided by operations:	
Change in accounts receivable	<u>2,253</u>

Net cash used in operating activities \$ (13,269)

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF CANNELTON

Notes to Financial Statements

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Housing Authority of Cannelton (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Authority is organized under the laws of the State of Indiana for the purpose of providing rent assistance for the elderly and low-income families. The Authority administers 179 Section B housing Choice Voucher units under Annual Contribution Contract C-2041 in Cannelton, Indiana. The funds are disbursed to various landlords to provide tenant assistance. The Authority does not own the housing facilities.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Cannelton and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations, and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of Cannelton is a separate reporting entity.

Basis of Presentation

The Authority's program is accounted for as an enterprise fund. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that required that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with Governmental Accounting Standards Board (GASB) Statement 62, *Codification of Accounting and Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority's proprietary fund follows all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except those that conflict with or contradict a GASB pronouncement.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting in accordance with US generally accepted accounting principles.

HOUSING AUTHORITY OF CANNELTON

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing uncollectable accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined that an allowance for uncollectable accounts of \$6,735 was required at March 31, 2022.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through restriction imposed by grantors or laws or regulations of other governments.

Revenue and Expenses

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes Section 8 grant revenue. Operating expenses include housing assistance payments, administrative expenses and all other expenses relating to the providing of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Revenue is recorded as earned and expenses are charged against such revenue as incurred with regard to the date of receipt or payment of cash.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through December 29, 2022, which represents the date the financial statements were available for issuance. Subsequent events after that date have not been evaluated. As of July 1, 2022 the entity turned over its operations of the Housing Choice Voucher program to IHCD and closed out its bank account to Lincoln Hills Development Corporation after reimbursing IHCD for \$549.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

The carrying value of cash owned at March 31, 2022 was \$17,892. The bank balance of cash owned at March 31, 2022 was \$19,630.

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution.

HOUSING AUTHORITY OF CANNELTON

Notes to Financial Statements (Continued)

NOTE 2 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Custodial Credit Risk (Continued)

Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments. The Authority requires investment in instruments authorized by HUD Notice PIH 95-27.

C. Concentration of Credit Risk

The Authority's management considers diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.

NOTE 3 RESTRICTED NET POSITION

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing Authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. The Authority has a balance of \$5,303 in restricted net position at March 31, 2022.

NOTE 4 ADMINISTRATIVE FEE

The Authority receives an "Administrative Fee" as part of the Annual Contribution Contract with HUD to cover the costs (including overhead) of administering the Section 8 program. The Authority entered into an annual agreement with Lincoln Hills Development Corporation (LHDC) whereby LHDC would administer the Section 8 Housing Choice Voucher Program in the County of Perry, Indiana, exclusive of the area in the corporate limits of the city of Tell City, Indiana. LHDC may earn up to \$55.79 per month for each unit leased during the year ended March 31, 2022, limited by the amount of non-HAP revenue received during the same period. The total amount charged to expense under this agreement during the year ended March 31, 2022 was \$66,546 which is included as part of "Administrative" expense in the Statement of Revenues, Expenses, and Changes in Net Position.

HOUSING AUTHORITY OF CANNELTON

Notes to Financial Statements (Continued)

NOTE 5 INCOME TAXES

The Authority is a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes. Management believes that the Authority has adequately addressed all relevant tax positions and that there are no unrecorded income tax liabilities.

NOTE 6 MAJOR FUNDING SOURCE

The Authority is substantially funded by Federal Awards. Management does not anticipate any material change in funding.

**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 Directors
Housing Authority of Cannelton
Cannelton, 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 aggregate fund information of Housing Authority of Cannelton (the Authority) as of and for the year ended March 31, 2022, and related notes to the financial statements, which collectively comprise the Authorities basic financial statements, and have issued our report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

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

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

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

**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*
(Continued)**

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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

December 29, 2022
Indianapolis, Indiana

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Program Balance Sheet Summary
March 31, 2022

		<u>14.871 Housing Choice Vouchers</u>	<u>Total</u>
Assets			
Cash - unrestricted	111	\$ 12,589	\$ 12,589
Cash - restricted	113	5,303	5,303
Total cash	100	<u>17,892</u>	<u>17,892</u>
Fraud recovery	128	6,735	6,735
Allowance for doubtful accounts - fraud	128.1	<u>(6,735)</u>	<u>(6,735)</u>
Total receivables, (net of allowance for doubtful accounts)	120	<u>-</u>	<u>-</u>
Total current assets	150	<u>17,892</u>	<u>17,892</u>
Total assets and deferred outflows of resources	290	<u>\$ 17,892</u>	<u>\$ 17,892</u>
 Liabilities and Net Position			
Liabilities			
Other current liabilities	345	<u>\$ -</u>	<u>\$ -</u>
Total current liabilities	310	-	-
Total non-current liabilities	350	<u>-</u>	<u>-</u>
Total liabilities	300	<u>-</u>	<u>-</u>
 Net position			
Restricted	511.4	5,303	5,303
Unrestricted	512.4	<u>12,589</u>	<u>12,589</u>
Total net position	513	<u>17,892</u>	<u>17,892</u>
Total liabilities, deferred inflows of resources and equity - net	600	<u>\$ 17,892</u>	<u>\$ 17,892</u>

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Program Revenue and Expense Summary
Year Ended March 31, 2022

		14.871 Housing Choice Vouchers	Total
Revenues			
HAP Income	70600	\$ 629,955	\$ 629,955
Fraud recovery	71400	5,710	5,710
Investment income	71100	12	12
Total revenue	70000	635,677	635,677
Net position released from restrictions		-	-
Total revenue and support		635,677	635,677
Expenses			
Auditing Fees	91900	6,100	6,100
Management Fee	91300-020	66,546	66,546
Total administrative	91000	72,646	72,646
Bad debt - other	96600	6,735	6,735
Total operating expenses	96900	79,381	79,381
Excess of operating revenue over operating expenses	97000	556,296	556,296
Housing Assistance Payments	97300	571,818	571,818
Total expenses	90000	651,199	651,199
Excess (deficiency) of total revenue over total expenses	10000	(15,522)	(15,522)
Beginning equity	11030	33,414	33,414
Administrative fee equity	11170	12,589	12,589
Housing assistance payments equity	11180	5,303	5,303

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Administrative Fee Equity
Year Ended March 31, 2022

Administrative Fee Equity - Beginning Balance	11170-001	\$ 16,457
Administrative Fee Revenue	11170-010	72,646
Hard to House Fee Revenue	11170-020	-
Audit Costs	11170-030	-
Interest Income	11170-040	12
Fraud Recovery Revenue	11170-045	2,855
Other Revenue	11170-050	<u>-</u>
Total Admin Fee Revenues	11170-060	<u>75,513</u>
Total Operating Expenses	11170-080	<u>79,381</u>
Depreciation	11170-090	-
Housing Assistance Payment Portability In	11170-095	-
Other Expenses	11170-100	<u>-</u>
Total Expenses	11170-110	<u>79,381</u>
Net Administrative Fee	11170-002	<u>(3,868)</u>
Administrative Fee Equity - Ending Balance	11170-003	<u><u>\$ 12,589</u></u>

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Housing Assistance Payments Equity
Year Ended March 31, 2022

Housing Assistance Pymts Equity - Beg Balance	11180-001	\$ 16,957
Housing Assistance Payments Revenues	11180-010	557,309
Fraud Recovery Revenue	1180-015	2,855
Other Revenue	11180-020	-
Interest Income	11180-025	<u>-</u>
Total Housing Assistance Payments Revenue	11180-030	<u>560,164</u>
Housing Assistance Payments	11180-080	571,818
Other Expenses	11180-090	<u>-</u>
Total Housing Assistance Payments Expenses	11180-100	<u>571,818</u>
Net Housing Assistance Payments	11180-002	<u>(11,654)</u>
Housing Assistance Pymts Equity - End Balance	11180-003	<u><u>\$ 5,303</u></u>