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STATE BOARD OF ACCOUNTS
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June 14, 2023

Board of Directors
Housing Authority of the City of Angola
617 North Williams Street
Angola, IN 46703

We have reviewed the report of the Housing Authority of the City of Angola, which was opined upon by Barry E. Gaudette, CPA, Independent Public Accountant, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Housing Authority of the City of Angola as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

The 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 ANGOLA
STEUBEN COUNTY, INDIANA
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022
AND
REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

HOUSING AUTHORITY OF THE CITY OF ANGOLA
TABLE OF CONTENTS
DECEMBER 31, 2022

	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited).....	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	13
Statement of Revenue, Expenses, and Changes in Net Position.....	14
Statement of Cash Flows.....	15
Notes to Financial Statements.....	17
OTHER INFORMATION	
Independent Accountant’s Report on Applying Agreed-Upon Procedure.....	29
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Federal Awards.....	31
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required on the Uniform Guidance.....	34
Status of Prior Audit Findings.....	36
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor Results.....	37
Section II - Financial Statement Findings.....	37
Section III - Federal Awards Findings.....	37

INTRODUCTION

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Angola
Steuben County, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Housing Authority of the City of Angola, Indiana, as of December 31, 2022 and 2021, and the related statement and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Housing Authority of the City of Angola, Indiana as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Housing Authority of the City of Angola, Indiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Housing Authority of the City of Angola, Indiana's ability to continue as a going concern for the year ending December 31, 2022.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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.
- 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 Housing Authority of the City of Angola, Indiana'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.

Report on Other Legal and Regulatory Requirements

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Angola, Indiana's basic financial statements. The financial data schedule shown on at the end of the audit report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and 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 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.

Management has not presented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2023, on our consideration of the Housing Authority of the City of Angola, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Angola, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Angola, Indiana's internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PCF

May 22, 2023

**Housing Authority of the City of Angola
Angola, Indiana
Management’s Discussion and Analysis (MD&A)
December 31, 2022
(Unaudited)**

Management’s Discussion and Analysis

As management of the Angola Housing Authority, we offer the readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Angola Housing Authority.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority’s current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Position reports the Authority’s operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority’s cash flows from operating, investing, capital and non-capital activities.
- Comparison of budget vs. actual – reports the Authority’s actual operating revenues and expenses versus the budgeted amounts.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authorities finances is “Is the Authority as a whole better or worse off as a result of the year’s activities?”

The attached analysis of entity wide net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority’s net position and changes in them. One can think of the Authority’s net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of Angola, Indiana:

Low Income Public Housing (LIPH)

The Housing Authority owns 188 units at 2 sites in Angola, Indiana. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Capital Fund Grant (CFP)

This grant program is awarded by HUD on an annual basis. The purpose of these grants is to improve the Authority's sites and the management of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to fully expend an annual award.

Future Events (New Business)

There are no future events planned by the Authority that will significantly affect the Authority's Net Position either positively or negatively.

Economic Factors Affecting Future Years

The Authority is dependent on federal funds from the U.S. Department of Housing and Urban Development. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected. Other factors include local labor supply and demand, which can affect salary and wage rates, inflationary pressure on utility rates, supplies and other cost, and local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position (Statement of Net Position)

Total Cash for FYE 2022 was \$1,705,585 and at FYE 2021 the amount was \$1,427,145. This represents a net increase of \$277,040 or 20%.

Total capital assets, net of accumulated depreciation decreased by \$178,563 primarily due to depreciation expense exceeding capital improvements.

Deferred Outflows decreased by \$746.

Current Liabilities increased by \$49,338 primarily due to an increase in capital projects/mortgage revenue of \$38,618 and an increase in accrued liabilities-other of \$4,198.

Noncurrent Liabilities decreased by \$120,287, or 59% which was primarily due to reduction of long-term capital projects/mortgage revenue by \$158,469 which was offset by an increase in pension liability by \$38,182.

Deferred Inflows decreased by \$56,212 from \$82,197 in 2021 to \$25,985 in 2022.

The table below illustrates our analysis:

<u>Category</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 2,087,381	\$ 1,749,995	\$ 337,386	19%
Fixed Assets (Net of Depreciation)	\$ 3,273,158	\$ 3,451,721	\$ (178,563)	-5%
Total Assets	\$ 5,360,539	\$ 5,201,716	\$ 158,823	3%
Deferred Outflow of Resources	\$ 32,953	\$ 33,699	\$ (746)	-2%
Current Liabilities	\$ 316,267	\$ 266,929	\$ 49,338	18%
Non Current Liabilities	\$ 82,000	\$ 202,287	\$ (120,287)	-59%
Total Liabilities	\$ 398,267	\$ 469,216	\$ (70,949)	-15%
Deferred Inflow of Resources	\$ 25,985	\$ 82,197	\$ (56,212)	-68%
Unrestricted	\$ 1,876,722	\$ 1,532,772	\$ 343,950	22%
Net Investment in Capital Assets	\$ 3,092,518	\$ 3,151,230	\$ (58,712)	-2%
Total Net Position	\$ 4,969,240	\$ 4,684,002	\$ 285,238	6%

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

Analysis of Entity Wide Revenues (Statement Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2022 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing (Program Income)	\$ 695,236
PHA Operating Grant	\$ 698,827
Capital Grants	<u>\$ 124,679</u>
Revenue Totals	<u>\$ 1,518,742</u>

Net tenant rental revenue for Fiscal Year Ending December 31, 2022 was \$640,288 as compared to the total tenant rental revenues for Fiscal Year Ending December 31, 2021 of \$567,560. Comparatively, this increased in 2022 from 2021 by \$72,728. This is due to the average monthly rent increasing from \$268.67 in 2021 to \$312.08 in 2022.

HUD PHA Grants for 2022 were \$698,827 compared to \$604,343 received in 2021, an increase of \$94,484 in the Low Rent program.

Capital Grants for 2022 were \$124,679 compared to \$529,883 in 2021, a decrease of \$405,204. This is due to a decrease in capital projects in the year from the previous year.

Other Revenue increased from \$20,385 in 2021 to \$45,525 in 2022, an increase of \$25,140.

The table below illustrates our analysis:

<u>Category</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Change \$</u>	<u>Change %</u>
Program Revenues:				
Tenant Revenue	\$ 647,212	\$ 571,554	\$ 75,658	13%
Government Operating Grants	\$ 698,827	\$ 604,343	\$ 94,484	16%
Capital Grants	\$ 124,679	\$ 529,883	\$ (405,204)	-76%
Other Revenue	\$ 45,525	\$ 20,385	\$ 25,140	123%
Interest Income	\$ 2,499	\$ 2,134	\$ 365	17%
Total Revenue	\$ 1,518,742	\$ 1,728,299	\$ (209,557)	-12%

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

Analysis of Entity Wide Expenditures

Administration Costs increased \$18,736 from \$191,757 in 2021 to \$210,493 in 2022. This is primarily due to an increase in auditing fees of \$1,998, advertising of \$2,572, office expenses of \$2,011, and an increase in travel of \$1,881. Other expenses that caused this change include an increase in administrative salaries of \$5,513, increase in administrative benefits of \$2,519, decrease in legal expenses of \$2,054, and an increase in other administrative expenses of \$4,296.

Utilities increased \$23,782 from \$120,798 in 2021 to \$144,580 in 2022. This is primarily due to an increase in electricity of \$18,165, an increase in gas of \$3,177, and an increase in sewer of \$2,629, while water decreased by \$189.

Maintenance Costs increased \$29,824 from \$251,503 in 2021 to \$281,327 in 2022. This is due to a decrease in maintenance labor of \$4,632, a decrease in benefits of \$2,512, and an increase in materials of \$15,978. Heating and cooling contracts increased by \$7,088, snow removal contracts increased \$256, landscape contracts increased by \$2,208, unit turnaround contracts increased \$7,542, plumbing contracts increased \$8,612, and extermination contracts increased by \$13,646. Garbage and trash contracts decreased by \$402, elevator maintenance decreased by \$528, electrical contracts decreased by \$4,720, janitorial contracts decreased by \$3,254, routine contracts decreased by \$2,890, and other miscellaneous contracts decreased \$6,568.

General/Insurance Expense increased \$28,557 primarily due to increased insurance of \$13,626, along with an increase in bad debt-tenant rents of \$11,685, an increase in other general expense of \$492, an increase in payments in lieu of taxes of \$4,895, and a decrease in compensated absences of \$2,141.

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

The table below illustrates our analysis:

<u>Category</u>	12/31/2022	12/31/2021	Change \$	Change %
Expenses:				
Administration	\$ 210,493	\$ 191,757	\$ 18,736	10%
Utilities	\$ 144,580	\$ 120,798	\$ 23,782	20%
Ordinary Maintenance	\$ 281,327	\$ 251,503	\$ 29,824	12%
Protective Services	\$ 5,513	\$ 4,419	\$ 1,094	25%
General/Insurance Expense	\$ 196,463	\$ 167,906	\$ 28,557	17%
Depreciation	\$ 357,250	\$ 352,980	\$ 4,270	1%
Interest Expense	\$ 7,015	\$ 16,761	\$ (9,746)	-58%
Total Expenses	\$ 1,202,641	\$ 1,106,124	\$ 96,517	9%
Excess (Deficiency) Before Special Items	\$ 316,101	\$ 622,175	\$ (306,074)	-49%
Special Item/Casualty Losses	\$ 30,863	\$ -	\$ 30,863	100%
Change in Net Position	\$ 285,238	\$ 622,175	\$ (336,937)	-54%
Net Position, Beginning of Year	\$ 4,684,002	\$ 4,061,827	\$ 622,175	15%
Net Position, End of Year	\$ 4,969,240	\$ 4,684,002	\$ 285,238	6%

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved. The Authority is permitted four years to expend these funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budget is equal to the actual expense.

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

***Housing Authority Budgetary Highlights
(Operating Budget)***

	Budget	Actual	Variance
Tenant Revenue	\$ 635,270	\$ 640,288	\$ (5,018)
Tenant Revenue Other	3,670	6,924	(3,254)
HUD Operating Grants	694,611	698,827	(4,216)
Capital Grants	-	124,679	(124,679)
Investment Income	2,540	2,499	41
Other Revenue	45,570	45,525	45
Total Revenue	1,381,661	1,518,741	(137,080)
Administrative	208,690	210,493	(1,803)
Utilities	138,110	144,580	(6,470)
Maintenance	288,180	281,327	6,853
General Expense	210,880	201,977	8,903
Interest Expense	152,590	7,015	145,575
Capital Expenses	64,500	84,870	(20,370)
Depreciation Expense	-	329,540	(329,540)
Total Expenses	1,062,950	1,259,800	(196,850)
Change in Net Position	318,711	258,941	59,770

ANALYSIS OF CAPITAL ASSET ACTIVITY

Buildings & Leasehold Improvements increased by \$146,827 from \$12,500,411 in 2021 to \$12,647,238 in 2022. This is primarily due to a conversion project of \$116,369 from the Capital Funds Program. There was also the purchase of HVAC units for \$19,700, overhead door for \$9,764, and installation of doors for \$7,477.

Furniture, Equipment & Machinery – Administration decreased by \$1,497, a 0% change. This was due to the removal of computers and a beauty shop sink from capital assets.

Accumulated Depreciation increased by \$332,203.

Construction in Progress increased by \$8,310 due to the conversion project funded by the Capital Funds Program.

**Housing Authority of the City of Angola
Angola, Indiana
Management's Discussion and Analysis (MD&A)
December 31, 2022
(Continued)**

<u>Category</u>	12/31/2022	12/31/2021	Change \$	Change %
Land	\$ 826,661	\$ 826,661	\$ -	0%
Buildings	\$ 12,647,238	\$ 12,500,411	\$ 146,827	1%
Equipment	\$ 362,580	\$ 364,077	\$ (1,497)	0%
Construction in Progress	\$ 8,310	\$ -	\$ 8,310	100%
Accumulated Depreciation	\$ (10,571,631)	\$ (10,239,428)	\$ (332,203)	3%
Total Net Fixed Assets	\$ 3,273,158	\$ 3,451,721	\$ (178,563)	-5%

Long Term Debt pension liability increased \$38,182 from \$43,818 in 2021 to \$82,000 in 2022

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Angola Housing Authority, Angola, Indiana.

FINANCIAL STATEMENTS

Housing Authority of the City of Angola
Statement of Net Position
December 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,705,585
Accounts receivable-tenants, net	13,275
Fraud recovery, net	14,001
Accrued interest receivable	584
Investments	251,506
Prepaid expenses and other assets	94,938
Inventories, net	7,492
Total Current Assets	2,087,381

Capital Assets:

Land	826,661
Buildings	12,647,238
Equipment	362,580
Construction in progress	8,310
	13,844,789
Less: accumulated depreciation	(10,571,631)
Net Capital Assets	3,273,158

Deferred Outflow of Resources

32,953

Total Assets and Deferred Outflow of Resources

\$ 5,393,492

LIABILITIES and NET POSITION

Current Liabilities:

Accounts payable	\$ 79,190
Accrued expenses	12,162
Tenant security deposit liability	29,975
Unearned revenue	14,300
Current portion of long-term debt	180,640
Total Current Liabilities	316,267

Non-Current Liabilities:

Accrued pension	82,000
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Total Liabilities

398,267

Deferred inflow of resources

25,985

Net Position:

Net investment in capital assets	3,092,518
Unrestricted net position	1,876,722
Total Net Position	4,969,240

Total Liabilities, Deferred Inflow of Resources and Net Position

\$ 5,393,492

See notes to financial statements

Housing Authority of the City of Angola
Statement of Revenues, Expenses, And
Changes in Net Position
Year Ended December 31, 2022

OPERATING REVENUES:

Dwelling rent	\$ 640,288
Tenant revenue-other	6,924
Operating grants	<u>698,827</u>
Total operating revenues	<u>1,346,039</u>

OPERATING EXPENSES:

Administrative	210,493
Utilities	144,580
Maintenance	281,327
Protective services	5,513
Insurance	80,097
Other general expenses	116,366
Interest expense	7,015
Casualty losses	30,863
Depreciation	<u>357,250</u>
Total operating expenses	<u>1,233,504</u>
Operating income (loss)	<u>112,535</u>

NONOPERATING REVENUES:

Investment interest income – Unrestricted	2,499
Other revenue	<u>45,525</u>
Total non-operating revenues	<u>48,024</u>

CAPITAL CONTRIBUTIONS

	<u>124,679</u>
Change in net position	285,238
Net Position, beginning	<u>4,684,002</u>
Net Position, ending	<u>\$ 4,969,240</u>

See notes to financial statements

Housing Authority of the City of Angola
Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and non dwelling rents	\$	646,132
Cash received from operating grants		698,827
Cash payments to other suppliers of goods and services		(635,186)
Cash payments to employees for services		(257,801)
Cash payments for payments in lieu of taxes		(44,676)
		407,296

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Tenant security deposits		1,400
Fraud recovery		(2,752)
		(1,352)

CASH FLOWS FROM CAPITAL ACTIVITIES:

Capital outlays		(178,687)
Debt payments		(119,851)
Capital contributions		124,679
		(173,859)

CASH FLOWS FROM INVESTING ACTIVITIES:

Other revenue		45,525
Receipts of interest income – unrestricted		2,487
Investments increased		(1,657)
		46,355

Net increase (decrease) in cash		278,440
Cash and cash equivalents, beginning		1,427,145
Cash and cash equivalents, ending	\$	1,705,585

See notes to financial statements

Housing Authority of the City of Angola
Statement of Cash Flows (Continued)
Year Ended December 31, 2022

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

Operating income (loss)	\$	112,535
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		357,250
Allowance for doubtful accounts		(10,224)
Allowance for obsolete inventory		(409)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		14,320
Inventories		4,084
Prepaid expenses		(62,296)
Deferred outflow of resources		746
Increase (decrease) in liabilities:		
Accounts payable-trade		3,493
Accounts payable-PILOT		4,895
Accrued wages/payroll taxes payable		1,910
Accrued liabilities		4,198
Unearned revenue		(5,176)
Accrued pension		38,182
Deferred inflow of resources		(56,212)
		(56,212)
Net cash provided by operating activities	\$	407,296

See notes to financial statements

Housing Authority of the City of Angola
Notes to Financial Statements
December 31, 2022

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

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

1. Reporting Entity

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

Low Income Public Housing

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 182 federal public housing units through this program.

Public Housing Capital Fund

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

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

1. Basis of Presentation and Accounting

In accordance with uniform financial reporting standards for HUD housing purposes, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged in business type activities.

Proprietary funds are accounted for using the “economic resources” measurement, focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination or revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through cost charges.

2. Budgets and Budgetary Accounting

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

3. Cash and Cash Equivalents

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

4. Tenant Accounts Receivable and Allowance for Bad Debts

Accounts receivable have been adjusted for all known uncollectible accounts.

5. Prepaid Expenses

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

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

6. Compensated Absences

Housing Authority employees are granted vacation days in varying amounts based on tenure with the Housing Authority. Employees are also granted nine personal days in addition to their vacation days. In the event of termination by retirement or death, an employee is paid for accumulated personal days according to personnel policies.

7. Inter-Program Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting inter-program receivables and payables as well as offsetting inter-program transfers are eliminated for financial statement presentation. For the year ended December 31, 2022, there were no inter-program receivables and payables and there were no operating transfers during the year.

8. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$1,500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	5	-	40 years
Equipment	3	-	10 years

Land and land improvements include approximately \$826,661 of capitalized land that is not subject to depreciation.

10. Inventories

Inventories are valued at cost, which approximates market value, using the first-in/first/out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

11. Income Taxes

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

12. Use of Estimates

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

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

13. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

14. Deferred Outflows/Inflows of Resources

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

15. Unearned Revenue

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

16. Comparative Data

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

17. Net Position

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

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of the Housing Authority and consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

17. Net Position (Continued)

- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

18. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including May 22, 2023, which is the date the financial statements were available to be issued.

NOTE B: CASH AND CASH EQUIVALENTS

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

The Housing Authority has designated two banks for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of checking accounts, money market accounts, and certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Cash and cash equivalents balance was as follows:

Cash – operations	\$ 1,957,091
Total	<u>\$ 1,957,091</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of December 31, 2022:

Bank deposits (checking, savings, and certificate of deposit accounts)	\$ 1,956,991
Petty cash	<u>100</u>
Total	<u>\$ 1,957,091</u>

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. At year end, the Housing Authority had no bank deposits that were uninsured and uncollateralized.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Balance 12/31/21</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 12/31/22</u>
Low Rent Program				
Land	\$ 826,661	\$ 0	\$ 0	\$ 826,661
Buildings	12,500,411	146,827	0	12,647,238
Furniture, equipment & dwellings	195,635	0	0	195,635
Furniture, equipment & machinery - administration	168,442	0	(1,497)	166,945
Construction in progress	0	8,310	0	8,310
	<u>13,691,149</u>	<u>\$ 155,137</u>	<u>\$ (1,497)</u>	<u>13,844,789</u>
Less accumulated depreciation	<u>(10,239,428)</u>	<u>\$ (357,250)</u>	<u>\$ 25,047</u>	<u>(10,571,631)</u>
Total	<u>\$ 3,451,721</u>			<u>\$ 3,273,158</u>

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

Business-type activities:

Low Rent Program \$ 357,250

NOTE D: MORTGAGE PAYABLE

The mortgage is payable to the FCN Bank, National Associates and bears interest at 4.558% per annum over 10 years. Monthly payments are from \$12,642 per month. The mortgage note is secured by the Project. The final payment is due 2023. The balance due is \$180,640 and will be paid off in 2023.

NOTE E: NON-CURRENT LIABILITIES

As of December 31, 2022, the non-current liabilities are comprised of the following:

Accrued pension \$ 82,000

The following is a summary of changes in non-current liabilities for the year ended December 31, 2022:

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/22</u>	<u>Amounts Due within One Year</u>
Accrued pension	\$ 42,818	\$ 39,182	\$ 0	\$ 82,000	\$ 0
Long-term debt	158,469	22,171	0	180,640	180,640
	<u>\$ 202,287</u>	<u>\$ 61,353</u>	<u>\$ 0</u>	<u>\$ 262,640</u>	<u>\$ 180,640</u>

NOTE F: COMMITMENTS AND CONTINGENCIES

Commitments – Construction

At December 31, 2022, the Housing Authority had the following capital fund grants:

	<u>IN36P039501-20</u>	<u>IN36P039501-21</u>
Funds Approved	\$ 365,619	\$ 380,963
Funds Expended	<u>(363,233)</u>	<u>(157,694)</u>
Excess of Funds Approved	<u>\$ 2,386</u>	<u>\$ 223,269</u>
Funds Advance (HUD Grants)	\$ 363,233	\$ 157,694
Funds Expended	<u>(363,233)</u>	<u>(157,694)</u>
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

Contingencies

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

NOTE G: RETIREMENT PLAN

Description of Pension Plan

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

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

NOTE G: RETIREMENT PLAN (CONTINUED)

Benefits Provided

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

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

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

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

As of June 30, 2022 members were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2024

0.5% beginning on January 1, 2034

0.6% beginning on January 1, 2039

The PERF hybrid plan also provides disability and survivor benefits.

Contributions

Each member is required to contribute to a Defined Contribution Account at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest based on the investment elections of each member until such time as they are withdrawn or annuitized by the member.

The Defined Contributions Account benefit is in addition to the annuity benefits provided by employer contributions. During FYE 2018 the Defined Contribution Accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

NOTE G RETIREMENT PLAN (CONTINUED)

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

At June 30, 2022, the Housing Authority reported a liability of \$82,000 for its proportionate share of the net position liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the Housing Authority's proportion was 0.0000260%.

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

For the year ended December 31, 2022, the Housing Authority recognized pension expense of \$10,485:

At July 2022, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,768	\$ 312
Net differences between projected and actual earnings on pension plan investments	10,120	0
Change in assumptions	11,106	3,508
Changes in proportion and differences between employer contributions and proportionate share of contributions	400	22,165
	<hr/>	<hr/>
Total	\$ 23,394	\$ 25,985

NOTE G: RETIREMENT PLAN (CONTINUED)

Pension Expense/(Income)

Proportionate Share of Plan Pension Expense	\$	10,485
Specific Liabilities of Individual Employers		0
Net Amortization of Deferred Amounts from Changes in		(9,345)
Total	\$	<u>1,140</u>

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

<u>Year ended:</u>	<u>Amortization of net Deferred outflows (inflows) or resources</u>
2023	\$ (7,337)
2024	(657)
2025	(5,301)
2026	10,704
2027	0
Thereafter	0
Total	<u>\$ (2,591)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Economic Assumptions	
1. Investment return	6.25% per year, compounded annually
2. Inflation	2.00% per year
3. Salary increase	Wage inflation 2.65%, Merit 6.00%
4. Cost-of-living adjustment (COLA)	Members in pay were granted a 1.00% COLA Effective January 1, 2022 for the next biennium. Therefore, the following COLAs, compounded annually, were assumed:
	0.4% beginning on January 1, 2024
	0.5% beginning on January 1, 2034
	0.6% beginning on January 1, 2039
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019.

NOTE G: RETIREMENT PLAN (CONTINUED)

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

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

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase To Discount Rate (7.25%)
Proportionate share of the net pension liability	<u>\$ 114,603</u>	<u>\$ 43,818</u>	<u>\$ (15,226)</u>

Payables to the Pension Plan

At December 31, 2022, the Housing Authority reported a payable of \$82,000 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

Net Pension Liability as of 2021	\$ 43,818
:	
Deferred Outflow/inflow of Resources:	
- Differences Between Expected and Actual Experience	832
- Net Difference Between Projected and Actual Investment	67,013
- Change in Assumptions	(4,601)
- Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	(9,454)
Pension Expense/Income	1,140
Contributions	<u>(16,748)</u>
Total Activity in FY 2022	<u>38,182</u>
Net Pension Liability as of 2022	<u>\$ 82,000</u>

The pension information is not audited.

NOTE H: RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

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

Independent Accountant’s Report on Applying Agreed-Upon Procedure

To the Board of Commissioner
Housing Authority of the City of Angola

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

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

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

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Housing Authority of the City of Angola as of and for the year ended December 31, 2022, and have issued our reports thereon dated May 22, 2023. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated May 22, 2023, was expressed in relation to the basic financial statements of the Authority taken as a whole.

Independent Accountant’s Report on Applying Agreed-Upon Procedure

Page Two

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

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

Barry E. Gaudette, CPA, PC

May 22, 2023

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

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

Housing Authority of the City of Angola
Schedule of Expenditures of Federal Awards
And Notes to the Schedule of Federal Awards
Year Ended December 31, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor</u>	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>U.S. Department of HUD</u>			
Public and Indian Housing:			
Public Housing Program	A - Major	14.850	\$ 698,827
Public Housing Capital Fund	B – Nonmajor	14.872	<u>124,679</u>
Total Federal Financial Awards			<u>\$ 823,506</u>
Threshold for Type A/Type B Program			<u>\$ 750,000</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Housing Authority under programs of the federal government for the year ended December 31, 2022. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance, Audit of States, Local Governments, and Non-Profit Organizations. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Housing Authority.

Indirect Cost Rate - - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

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

To the Board of Housing Commissioners
Housing Authority of the City of Angola
Steuben County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Angola, Indiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Angola, Indiana's basic financial statements, and have issued our report thereon dated May 22, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Barry E. Gaudette, CPA, PC

May 22, 2023

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

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Housing Commissioners
Housing Authority of the City of Angola
Linton, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Angola, 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 Housing Authority of the City of Angola, Indiana's major federal programs for the year ended December 31, 2022. Housing Authority of the City of Angola, Indiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Angola, Indiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Report on Internal Control over Compliance

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

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

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

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

Barry E. Gaudette, CPA, PC

May 22, 2023

**Housing Authority of the City of Angola
Status of Prior Audit Findings
December 31, 2022**

There were no prior year findings.

**Housing Authority of the City of Angola
Schedule of Findings and Questioned Costs
December 31, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Audit Requirements for Federal Awards* (Uniform Guidance)? No

Identification of major programs;

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
14.850	Low Rent Program Public Housing

Section II - Findings Related to the Financial Statements

There were no findings which are required to be reported under *Government Auditing Standards*.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.