

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED DECEMBER 31, 2022

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

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Independent Auditor's Report

Board of Commissioners
Pike County Housing Authority
Barry, Illinois

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business type activities of the Pike County Housing Authority (Housing Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2022, and the 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 Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Housing Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective 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 auditors' report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatements 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 GAAS and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism through 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

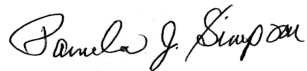
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Further, the financial data schedules shown on pages 38 to 42, and other supplemental information as listed in the table of contents are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In my opinion, financial data schedules and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 10, 2023 on my consideration of the Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over reporting and compliance.



Pamela J. Simpson, CPA

Decatur, Illinois
August 10, 2023

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Management's Discussion and Analysis (MD&A)

The Pike County Housing Authority's management discussion and analysis of the PCHA financial statements includes a narrative overview and discussion of the financial activities of the PCHA for years and periods ending December 31st, 2021, to December 31st, 2022.

The MD&A is specifically designed to: 1.) assist the reader in focusing on significant financial issues; 2.) provide a broad scope overview of the PCHA's financial activities; 3.) identify and explain changes in the PCHA's financial position from 2021 to 2022; and 4.) highlight any individual funding source issues or concerns.

Since the MD&A is designed to present basic financials in a narrative, executive summary format, the reader is encouraged to consider the information presented here in conjunction with the PCHA's unaudited financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Chris Bruns, Executive Director, Pike County Housing Authority, 838 Mason Street, PO Box 123, Barry, Illinois, 62312.

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as basic financial statements, comprised of two components: (a) fund financial statements and (b) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on The Housing Authority as a Whole

One of the most important questions asked about the Authority's finances are, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of FY 2022." The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. 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.

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Financial Highlights

- Total Assets decreased by \$113,275 from 2021 to 2022. This decrease in Total Assets was attributed to an increase in Total Current Assets (decrease in Total Cash of \$287,270, decrease in Total Receivables, Net of \$18,241, and increase in Other Current Assets of \$3,031) of \$272,060, coupled with a decrease in Total Non-Current Assets (decrease of \$391,540 in Total Capital Assets, Net, offset by an increase in Other Assets of \$6,205) of \$385,335.
- Total Liabilities decreased by \$81,778 from 2021 to 2022. This was created by increases/decreases across Total Current Liabilities in Accounts Payable (Accounts Payable <= 90 days of \$32,882, Accrued Wage/Payroll Taxes Payable of \$3,843, Accrued Compensated Absences – Current Portion of \$759, Accounts Payable – Other Government of \$(641), Tenant Security Deposits of \$(2,798), Unearned Revenue of \$(957), Current Portion of L/T Debt – Capital Projects/Mortgage Revenue of \$5,846, Other Current Liabilities of \$4,660, and Accrued Liabilities – Other of \$6,918, totaling \$(8,106). This was coupled with increases/decreases across Total Non-Current Liabilities in L/T Debt, Net of Current – Capital Projects/Mortgage Revenue of (\$71,285), Non-Current Liabilities – Other of \$1,667, and Accrued Compensated Absences – Non-Current of \$3,092, totaling (\$66,526).
- Total Equity – Net Assets decreased by \$31,767 from 2021 to 2022. This was due to a decrease in Net Investment in Capital Assets of \$326,101 that was offset by an increase in Unrestricted Net Position of \$294,334.
- Total Revenue increased by \$391,812 or 24.21% from 2021 to 2022. This was attributed to increases/decreases across Total Tenant Revenue of \$30,522, HUD PHA Operating Grants of \$48,457, Capital Grants of \$(67,991), Investment Income – Unrestricted of \$(393), Other Revenue of \$379,083, and Gain/Loss on Sale of Capital Assets of \$2,134.
- The overall collective effect on Operating Expenses from 2021 to 2022 was an increase of \$123,284 or 9.35%. This was attributable to increases in Total Operating – Administrative of \$29,647, Total Utilities of \$16,152, Total Maintenance of \$18,288, Total Insurance Premiums of \$2,084, and Total Other General Expenses of \$59,684, and a decrease of Total Interest Expense and Amortization Cost of \$1,066.
- Total Capital Assets, Net decreased by \$391,540 from 2021 to 2022 with increases in the value of Buildings of \$24,112, Furniture Equipment & Machinery (FEM) – Dwellings/Administration of \$2,720, and Construction in Progress of \$126,266 that were offset by a decrease in Accumulated Depreciation of \$544,638.
- The Housing Authority realized a Net Operating Decrease of \$31,497 of Total Revenues over Total Expenses for 2022.

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report on its net assets and changes in them. One can think of the Housing Authority's net assets - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

Using This Annual Report

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant funds, the Low Rent Housing Program, and Public Housing Capital Fund Program.

The Housing Authority auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.



Pike County
Housing Authority

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for proprietary funds. All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator. The statements evaluated include:

- Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with Capital Assets and Long-Term Debt obligations.
- Statement of Revenues and Expenses – reports the Authority's Operating and Non-Operating Revenues, by major source along with Operating and Non-Operating Expenses.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

The following analysis of the entity wide financial statement is provided to assist the reader of our financial statements.

The PCHA maintains its books and records utilizing the accrual basis of accounting. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

The following is a description of the programs and services that the authority provides for the residents of the Pike County Housing Authority:

Low Income Public Housing

The Pike County Housing Authority owns approximately 228 units situated in eleven (11) developments located in seven towns across Pike County, Illinois. Housing units are disbursed in the following towns: Barry – 54 units in three developments, Pleasant Hill – 20 units in one development; Griggsville – 26 units in one development; Perry – 12 units in one development; Baylis – 6 units in one development; Pittsfield – 98 units in three developments; and New Canton – 12 units in one development. The Authority is responsible for the management, maintenance, and most utilities for all units and sites. Residents are only responsible for the electric utility, for which they received a Utility Allowance that reduces their monthly rent charge. 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 an allowable Operating Expense Level, Allowable Utilities Expenses Level and Audit Costs that becomes the Authority's Total Allowable Expenses. HUD will fund the difference between the Total Allowable Expenses and the amount of rents that the Authority can charge their tenants based upon HUD eligibility calculation. The funds are utilized to provide safe, affordable, clean housing to the residents of Pike County, Illinois.

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Capital Fund Program

This grant program is awarded by HUD on an annual basis. The purpose of this grant is to maintain the physical improvements of the Authority's sites and the administrative management to ensure those improvements are completed in the most effective and efficient manner. The Authority requisitions funds from HUD as the Authority expends funds.

Authority-Wide Condensed Financial Statements

Statement of Net Assets

Assets	2021	2022	Change
Total Cash	\$684,864	\$972,134	\$287,270
Total Receivables, Net	\$43,261	\$25,020	\$(18,241)
Other Current Assets	\$42,943	\$45,974	\$3,031
Capital Assets, Net	\$5,479,320	\$5,087,780	\$(391,540)
Other Assets	\$0	\$6,205	\$6,205
Total Assets	\$6,250,388	\$6,137,113	\$(113,275)
Liabilities			
Accounts Payable	\$125,562	\$103,787	\$(21,775)
Other Liabilities	\$1,485,938	\$1,425,935	\$(60,003)
Total Liabilities	\$1,611,500	\$1,529,722	\$(81,778)
Net Assets			
Net Investment in Capital Assets	\$4,081,418	\$3,755,317	\$(326,101)
Unrestricted Net Position	\$557,740	\$852,074	\$294,334
Total Net Assets	\$4,639,158	\$4,607,391	\$(31,767)

Major Factors affecting the Statement of Net Assets:

Total Assets for FYE 2021 were \$6,250,388 and for FYE 2022 are \$6,137,113. This represents a decrease of \$113,275, which was attributed to by increases in Total Cash of \$287,270, Other Current Assets of \$3,031, and Other Assets of \$6,205, that were offset by decreases in Total Receivables, Net of \$18,241, and Capital Assets, Net of \$391,540.

Total Liabilities decreased by \$81,778 due to decreases in Accounts Payable of \$21,775 and Other Liabilities of \$60,003 for 2022.

Total Net Assets decreased by \$31,767 from 2021 to 2022. This was due to a decrease of \$326,101 in Net Investment in Capital Assets and an increase to Unrestricted Net Position of \$294,334.

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Statement of Agency Wide Revenues, Expenses, and Capital Assets

Statement of Revenues

Source	2021	2022	Change
Total Tenant Revenue	\$638,969	\$669,491	\$30,522
HUD PHA Operating Grants	\$783,016	\$831,473	\$48,457
Capital Grants	\$194,257	\$126,266	\$(67,991)
Investment Income	\$3,096	\$2,703	\$(393)
Other Revenue	\$1,350	\$380,433	\$379,083
Gain/Loss on Sale of Capital Assets	\$(2,134)	\$0	\$2,134
Total Revenues	\$1,618,554	\$2,010,366	\$391,812

The combined effect of revenue sources for 2022 created an increase of \$391,812. This was due to increases in Total Tenant Revenue, HUD PHA Operating Grants, Other Revenue, and Gain/Loss on Sale of Capital Assets that were offset by decreases in Capital Grants and Investment Income -- Unrestricted.

Statement of Expenses

Activity	2020	2021	Change
Total Operating – Administrative	\$479,468	\$509,115	\$29,647
Total Tenant Services	\$5,501	\$2,065	\$(3,436)
Total Utilities	\$118,475	\$134,627	\$16,152
Total Maintenance	\$561,732	\$580,020	\$18,288
Total Insurance Premiums	\$74,202	\$76,286	\$2,084
Total Other General Expense	\$85,157	\$144,841	\$59,684
Total Interest Expense & Amortization Cost	\$50,336	\$49,270	\$(1,066)
Casualty Losses – Non-Capitalized	\$0	\$1,000	\$1,000
Depreciation Expense	\$543,708	\$544,639	(\$931)
Total Expenses	\$1,918,579	\$2,041,863	\$123,284

Total Expenses increased by \$123,284 from 2021 to 2022. This increase developed due to the combined effect of all categories. Increases were reflected in Total Operating – Administrative, Total Utilities, Total Maintenance, Total Insurance Premiums, Total Other General Expenses, Casualty Losses – Non-Capitalized, and Depreciation Expenses, which were offset by decreases in Total Tenant Services and Total Interest Expense & Amortization Cost. Of the 9 categories comprising Total Expenses, 4 of those categories experienced sizeable increases/decreases in excess of \$10,000 each.

The combination of \$2,010,366 in Total Revenues and \$2,041,863 in Total Expenses resulted in a Net Operating Decrease of \$268,528 for FY 2022.

PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Statement of Capital Assets

Source	2021	2022	Change
Land	\$236,098	\$236,098	\$0
Buildings	\$15,493,998	\$15,508,110	\$24,112
Furniture Equipment Machinery (FEM) – Dwellings/Administration	\$524,368	\$527,088	\$2,720
Accumulated Depreciation	\$(10,796,582)	\$(11,341,220)	\$(544,638)
Construction in Progress	\$31,438	\$157,704	\$126,266
Total Capital Assets, Net	\$5,479,320	\$5,087,780	\$(391,540)

Additional information regarding capital assets can be found in "Notes to Financial Statements".

The major negative impact to Total Capital Assets, Net was from a large decrease in Accumulated Depreciation of \$544,638. This negative factor was offset by increases to Buildings of \$24,112, Construction in Progress of \$126,266, and Furniture Equipment Machinery (FEM) – Dwellings/Administration of \$2,720. Land value represented no change. The net effect from 2021 to 2022 is a decrease in Total Capital Assets, Net of \$391,540.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2022 fiscal year have already been submitted to HUD for approval and no major changes are expected.

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental.
- Income inflationary pressure on utility rates, supplies, and other costs.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2022**

ASSETS

Cash - operating	\$ 836,613
Cash - restricted	135,521
Receivables (net)	24,189
Accrued interest receivable	831
Inventory (net)	25,648
Prepaid expenses	<u>20,326</u>

Total Current Assets \$ 1,043,128

Capital assets:

Land, land improvements and construction in progress	\$ 393,802
Other capital assets, net of depreciation	<u>4,693,978</u>

Total Capital Assets \$ 5,087,780

Total Assets \$ 6,130,908

Other Noncurrent Assets \$ 6,205

DEFERRED OUTFLOWS OF RESOURCES \$ 0

TOTAL \$ 6,137,113

LIABILITIES

Current Liabilities:

Accounts payable	\$ 77,066
Lease/purchase payable	71,285
Other liabilities	95,758
Unearned revenue	<u>9,101</u>

Total Current Liabilities \$ 253,210

Noncurrent liabilities:

Earned compensated absences	\$ 13,667
Lease liability	1,667
Lease/purchase payable	<u>1,261,178</u>

Total Noncurrent Liabilities \$ 1,276,512

Total Liabilities \$ 1,529,722

DEFERRED INFLOWS OF RESOURCES \$ 0

NET POSITION

Net investment in capital assets	\$ 3,755,317
Unrestricted	<u>852,074</u>

Total Net Position \$ 4,607,391

TOTAL \$ 6,137,113

The notes to financial statements are an integral part of this statement.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2022**

Operating Income

Tenant rental revenue	\$ 585,004
Tenant revenue - other	<u>84,487</u>
Total Rental Income	\$ 669,491
HUD operating grants	831,473
Other revenue	<u>380,433</u>
Total Operating Income	<u>\$ 1,881,397</u>

Operating Expenses

Administration	\$ 509,115
Tenant services	2,065
Utilities	134,627
Ordinary maintenance and operation	580,020
General expense	221,127
Casualty loss	1,000
Depreciation	<u>544,639</u>
Total Operating Expenses	<u>\$ 1,992,593</u>
Net Operating Income (Loss)	<u>\$ -111,196</u>

Nonoperating Income (Expense)

Interest income	\$ 2,703
Interest expense	<u>-49,270</u>
Total Nonoperating Income (Expense)	<u>\$ -46,567</u>

Capital Contributions

Changes in net position	\$ -31,497
Net position, beginning of year	<u>4,638,888</u>
Net position, end of year	<u>\$ 4,607,391</u>

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2022**

Operating Activities

Operating grants	\$ 831,473
Tenant revenue	677,086
Other revenue	2,703
Payments to employees	-511,919
Payments to suppliers and contractors	<u>-572,571</u>

Net Cash Provided (Used) by Operating Activities \$ 426,772

Investing Activities

Interest income	<u>\$ 2,040</u>
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Net Cash Provided (Used) by Investing Activities \$ 2,040

Capital and Related Financing Activities

Capital contributions	\$ 126,266
Repayment of debt	-65,439
Interest expense	-49,270
(Additions) deletions to fixed assets	<u>-153,099</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -141,542

Net Change in Cash \$ 287,270

Cash Balance at December 31, 2021 684,864

Cash Balance at December 31, 2022 \$ 972,134

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2022**

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	
Net operating income (loss)	\$ -111,196
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	544,639
(Increase) decrease in accounts receivable	18,904
(Increase) decrease in prepaid expenses	-1,674
(Increase) decrease in inventories	-1,357
(Increase) decrease in other noncurrent assets	-6,205
Increase (decrease) in accounts payable	-35,680
Increase (decrease) in other liabilities	20,298
Increase (decrease) in unearned revenue	<u>-957</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 426,772</u>

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Pike County Housing Authority was established by Pike County pursuant to the laws of the State of Illinois, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

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

In evaluating the Authority as a reporting entity, management has addressed its relationship with the Pike County Housing Authority of December 31, 2022 and concluded that the County does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the County Board, 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 county government. Debt incurred by the Authority is not an obligation of the County; the County 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.

The Authority is governed by a Board of Commissioners appointed by the County Board, and has governance responsibilities over all activities related to all housing activities within the County. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the County, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Pike County Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- * Public and Indian Housing
- * Public Housing Capital Funds
- * Business Activities

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets, Restricted and Unrestricted.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority policy considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of six (6) months or less when purchased to be cash equivalents.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2022, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

Inventories and materials are stated at cost which approximates market determined on a first-in, first-out basis.

(h) Investments -

Investments are stated at cost which approximates market.

(i) Capital Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the cumulative total cost of a piece or pieces of equipment and/or other personal property is one thousand five hundred dollars (\$1,500) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

- 1) The total development construction costs incurred for each project at the end of the initial operating period,
- 2) nonexpendable equipment, and
- 3) property betterments and additions
- 4) land acquisitions.

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	40	years
Equipment	3-15	years
Transportation equipment	5	years
Furniture and fixtures	5-10	years
Leasehold improvements	10-15	years

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Net Position -

GASB Statement 63 requires the classification of net position into three components as defined below:

- 1) Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction or improvement of those assets.
- 2) Restricted - restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) Unrestricted - amounts not required to be reported in the other components of net position.

(k) Income Tax -

The Authority, organized under Illinois state law as a municipal corporation subsidized by the Federal government, is exempt from Federal and State income taxes.

(l) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

(m) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval. The original budget was adopted by the Board of Commissioners of December 21, 2021.

(n) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(o) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (p) Rental income is recognized as rents become due.
- (q) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

Statutes authorize the Housing 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 to be entirely insured or collateralized. The Department of Housing and Urban Development requires financial institutions to secure the PHA's deposits by pledging government securities as collateral. The Housing Authority may waive the collateral requirements that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or other equivalent insurance coverage.

Custodial Credit Risk

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

Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Housing and Urban Development regulations.

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

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

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1:

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Public and Indian Housing	\$ 593,832	\$ 594,061
Business Activities	<u>378,302</u>	<u>378,302</u>
Total	<u>\$ 972,134</u>	<u>\$ 972,363</u>

Note 3 - Compensated Absences

Sick Leave

All full time employees shall accrue eight (8) hours of sick leave for each consecutive month of service, with no maximum to the amount of hours that may be accrued. All part-time employees shall accrue four (4) hours of sick leave for each consecutive month of service, with no maximum to the amount of hours that may be accrued.

Employees shall not receive compensation for all earned but unused sick leave as of the employee's date of termination.

Personal Leave

All full-time employees shall receive sixteen (16) hours of personal leave with pay during each calendar year. All part-time employees shall receive eight (8) hours of personal leave with pay during each calendar year. Personal days shall not be accumulated.

Employees shall not receive compensation for all earned but unused personal leave as of the employee's date of termination.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 3 - Compensated Absences

Vacation Benefits

All full-time employees shall accrue vacation benefits on January 1st of each calendar year in accordance with the following schedule:

0 to 1 year of service	0 hours per year
1 to 5 years of service	80 hours per year
6 to 10 years of service	120 hours per year
11 to 15 years of service	160 hours per year
Over 15 years of service	200 hours per year

All part-time employees shall accrued vacation benefits on January 1st of each calendar year in accordance with the above schedule, but at half the amount.

All full-time employee hired prior to January 1, 2012 shall be considered to be grand-fathered employees. These employees may choose from the above schedule or from the following schedule that was in use when they were hired:

0 to 3 years of service	104 hours per year
Over 3 years of service	160 hours per year

Vacation Pay

Vacation pay shall be paid at the employee's regular straight-time hourly rate of pay in effect for the employee's regular job classification at the time of the employee's vacation.

Limitation on Accumulation of Vacation

Employees may accumulate a maximum of four hundred (400) hours of vacation time. Any time accrued that would push the employee over this limit shall be forfeited.

Employees shall receive compensation for all earned but unused vacation as of the employee's date of termination.

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits established by the Board of Commissioners for all of its full-time employees, not already participating in another plan, through a defined contribution plan with Quorum Consulting Group. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures of other participants' benefits that may be allocated to such account. The benefits vest after six years of service.

The Housing Authority contributes 14.50% of covered payroll. The plan can be amended by action of the Board. For the fiscal year ended December 31, 2022, actual contributions by the Housing Authority were \$72,632 related to payroll of \$511,919.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 5 - Post-Employment Benefits

The Housing Authority does not provide post employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

Note 6 - Restricted Assets

Cash has been restricted as follows:

	<u>Cash</u>
Tenant security deposits	\$ 55,135
Payment of current debt	<u>80,386</u>
Total	<u><u>\$ 135,521</u></u>

Note 7 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - tenants	\$ 42,163
Allowance for doubtful accounts - tenants	-21,081
Fraud recovery repayment agreements	6,213
Allowance for doubtful accounts - fraud	<u>-3,106</u>
Total	<u><u>\$ 24,189</u></u>

Note 8 - Prepaid Expenses

Prepaid insurance	<u><u>\$ 20,326</u></u>
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Note 9 - Capital Assets

Balance as of December 31, 2022	\$ 5,087,780
Balance as of December 31, 2021	<u>5,479,320</u>
Net Increase (Decrease)	<u><u>\$ -391,540</u></u>

Reconciliation

Property betterments and additions - CFP	\$ 126,266
Property betterments and additions - operating	24,113
Replacement of equipment	2,720
Current year depreciation expense	<u>-544,639</u> *
Net Increase (Decrease)	<u><u>\$ -391,540</u></u>

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 9 - Capital Assets (Continued)

	01/01/2022				12/31/2022
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
Nondepreciable:					
Land	\$ 236,098	\$ 0	\$ 0	\$ 0	\$ 236,098
Construction in progress	<u>31,438</u>	<u>126,266</u>	<u>0</u>	<u>0</u>	<u>157,704</u>
Total Nondepreciable	267,536	126,266	0	0	393,802
Depreciable:					
Buildings and Improvements	15,483,997	24,113	0	0	15,508,110
Equipment and Furniture	<u>524,368</u>	<u>2,720</u>	<u>0</u>	<u>0</u>	<u>527,088</u>
Total Depreciable	<u>16,008,365</u>	<u>26,833</u>	<u>0</u>	<u>0</u>	<u>16,035,198</u>
Total Capital Assets	16,275,901	153,099	0	0	16,429,000
Less Accumulated Depreciation	<u>-10,796,581</u>	<u>0</u>	<u>544,639</u> *	<u>0</u>	<u>-11,341,220</u>
Capital Assets, Net	<u>\$ 5,479,320</u>	<u>\$ 153,099</u>	<u>\$ 544,639</u>	<u>\$ 0</u>	<u>\$ 5,087,780</u>

*Current year depreciation expense

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 21,931
Tenants security deposits	<u>55,135</u>
Total	<u>\$ 77,066</u>

Note 11 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 24,807
Interest payable	11,875
Earned compensated absences	15,494
Payment in lieu of taxes	22,534
Lease liability	4,660
Utilities payable	<u>16,388</u>
Total Current Portion	<u>\$ 97,758</u>

Noncurrent Portion:

Earned compensated absences	\$ 13,667
Lease liability	<u>1,667</u>
Total Noncurrent Portion	<u>\$ 15,334</u>

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 12 - Summary of Long Term Liabilities

A summary of long term liabilities as of December 31, 2022:

	01/01/2022			12/31/2022
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Earned compensated absences	\$ 10,575	\$ 3,850	\$ 758	\$ 13,667
Equipment lease	0	1,667	0	1,667
Lease/purchase payment	<u>1,332,463</u>	<u>0</u>	<u>71,285</u>	<u>1,261,178</u>
Total	<u>\$ 1,408,731</u>	<u>\$ 5,517</u>	<u>\$ 72,043</u>	<u>\$ 1,276,512</u>

Note 13- Unearned Revenue

This classification consists of the following:

Tenants prepaid rent	<u>\$ 9,101</u>
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Note 14 - Long Term Debt

The detail of the Housing Authority's long term debt at year end is set forth below:

<u>Project</u>	<u>Rate</u>	<u>Due Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Lease Purchase Agreement-Energy Project	various	09/2034	\$ 71,285	\$ 1,261,178	\$ 1,332,463

Debt service requirements for the long term debt for the next five years are as follows:

<u>Due Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 71,285	\$ 46,886
2024	77,289	44,291
2025	83,609	42,127
2026	90,419	38,441
2027	97,586	35,155
2028-2032	609,147	116,942
2033-2034	303,128	13,616

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 15 - Capital Contributions

The following capital contributions were received by the Housing Authority during the fiscal year end:

Capital Fund Program - HUD		\$ <u>126,266</u>
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Note 16 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 17 - Contracts/Commitments

As of December 31, 2022, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-20	\$ 447,904	\$ 238,591
CFP 501-21	<u>464,072</u>	<u>101,427</u>
Total	<u>\$ 1,329,813</u>	<u>\$ 340,018</u>

Note 18 - Risk Management

The Housing Authority carries (AHRMA) commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Note 19 - Economic Dependency

The Housing Authority received a significant part of its revenue (48%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2022
(CONTINUED)**

Note 20 - Restricted Net Position

When both restricted and unrestricted reserves are available for use, the Housing Authority's policy is to use restricted resources to fund restricted costs and then unrestricted resources as they are needed.

At December 31, 2022 there was no restricted net position.

SUPPLEMENTAL DATA

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Grant Period</u>	<u>Receipts or Program Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures Disbursements/ Expenditures</u>	<u>to Sub-Recipients</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing*	14.850	FYE 12/31/22	\$ 649,159	\$ 649,159	\$ 649,159	\$ 0
Public Housing - Capital Funds	14.872	FYE 12/31/22	\$ 1,329,813	\$ 308,580	\$ 308,580	\$ 0
Total HUD Assistance			<u>\$ 1,978,972</u>	<u>\$ 957,739</u>	<u>\$ 957,739</u>	<u>\$ 0</u>

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED DECEMBER 31, 2022**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Pike County Housing Authority (Authority) and is presented on the accrual basis of accounting.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended December 31, 2022. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended December 31, 2022, the cost principals in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not implemented the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 – Sources of Funding

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

The Authority did not receive any non-cash assistance from federal funds, had no federal insurance, nor have any federal loan or loan guarantees outstanding as of December 31, 2022.



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

Board of Commissioners
Pike County Housing Authority
Barry, Illinois

I have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pike County Housing Authority (Housing Authority), as of and for the year ended December 31, 2022 and the related notes to the financial statements and have issued my report thereon dated August 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing 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 Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pamela J. Simpson, CPA

Decatur, Illinois
August 10, 2023



**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Pike County Housing Authority
Board of Commissioners
Barry, Illinois

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

I have audited the Pike County Housing Authority's (Housing Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2022. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section in my report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I

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

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

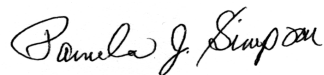
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control 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 requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

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

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

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



Pamela J. Simpson, CPA

Decatur, Illinois
August 10, 2023

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2021 contained no findings.

**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:	Unmodified		
* Material weakness(es) identified?	_____	yes	<u> X </u> no
* Significant deficiency (ies) identified?	_____	yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____	yes	<u> X </u> no

Federal Awards

Internal control over major programs:			
* Material weakness(es) identified?	_____	yes	<u> X </u> no
* Significant deficiency (ies) identified?	_____	yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____	yes	<u> X </u> no
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ 750,000 </u>
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Auditee qualified as low-risk auditee?	_____	yes	<u> X </u> no
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**PIKE COUNTY HOUSING AUTHORITY
BARRY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
CURRENT FINDINGS AND RECOMMENDATIONS**

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Chris Bruns, Executive Director, during the course of the audit or at an exit conference held August 10, 2023.

Section III - Federal Award Findings

There were no federal award audit finding discussed with Chris Bruns, Executive Director, during the course of the audit and at the exit conference held August 10, 2023.

Barry, IL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$458,311	\$378,302	\$836,613		\$836,613
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$55,135		\$55,135		\$55,135
115 Cash - Restricted for Payment of Current Liabilities	\$80,386		\$80,386		\$80,386
100 Total Cash	\$593,832	\$378,302	\$972,134	\$0	\$972,134
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$42,163		\$42,163		\$42,163
126.1 Allowance for Doubtful Accounts -Tenants	-\$21,081		-\$21,081		-\$21,081
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$6,213		\$6,213		\$6,213
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,106		-\$3,106		-\$3,106
129 Accrued Interest Receivable	\$831		\$831		\$831
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,020	\$0	\$25,020	\$0	\$25,020
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$20,326		\$20,326		\$20,326
143 Inventories	\$28,498		\$28,498		\$28,498
143.1 Allowance for Obsolete Inventories	-\$2,850		-\$2,850		-\$2,850
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$664,826	\$378,302	\$1,043,128	\$0	\$1,043,128
161 Land	\$236,098		\$236,098		\$236,098
162 Buildings	\$15,508,110		\$15,508,110		\$15,508,110
163 Furniture, Equipment & Machinery - Dwellings	\$191,164		\$191,164		\$191,164
164 Furniture, Equipment & Machinery - Administration	\$335,924		\$335,924		\$335,924
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$11,341,220		-\$11,341,220		-\$11,341,220
167 Construction in Progress	\$157,704		\$157,704		\$157,704
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,087,780	\$0	\$5,087,780	\$0	\$5,087,780
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$6,205		\$6,205		\$6,205
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$5,093,985	\$0	\$5,093,985	\$0	\$5,093,985
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$5,758,811	\$378,302	\$6,137,113	\$0	\$6,137,113

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$21,931		\$21,931		\$21,931
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$24,807		\$24,807		\$24,807
322 Accrued Compensated Absences - Current Portion	\$15,494		\$15,494		\$15,494
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$11,875		\$11,875		\$11,875
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$22,534		\$22,534		\$22,534
341 Tenant Security Deposits	\$55,135		\$55,135		\$55,135
342 Unearned Revenue	\$9,101		\$9,101		\$9,101
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$71,285		\$71,285		\$71,285
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$4,660		\$4,660		\$4,660
346 Accrued Liabilities - Other	\$16,388		\$16,388		\$16,388
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$253,210	\$0	\$253,210	\$0	\$253,210
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,261,178		\$1,261,178		\$1,261,178
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$1,667		\$1,667		\$1,667
354 Accrued Compensated Absences - Non Current	\$13,667		\$13,667		\$13,667
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$1,276,512	\$0	\$1,276,512	\$0	\$1,276,512
300 Total Liabilities	\$1,529,722	\$0	\$1,529,722	\$0	\$1,529,722
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$3,755,317		\$3,755,317		\$3,755,317
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	\$473,772	\$378,302	\$852,074		\$852,074
513 Total Equity - Net Assets / Position	\$4,229,089	\$378,302	\$4,607,391	\$0	\$4,607,391
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,758,811	\$378,302	\$6,137,113	\$0	\$6,137,113

Housing Authority of the City of Pekin (IL044)
PEKIN, IL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$459,660		\$46,195		\$505,855		\$505,855
70400 Tenant Revenue - Other	\$29,959		\$9,123		\$39,082		\$39,082
70500 Total Tenant Revenue	\$489,619	\$0	\$55,318	\$0	\$544,937	\$0	\$544,937
70600 HUD PHA Operating Grants	\$704,253				\$704,253		\$704,253
70610 Capital Grants	\$16,446				\$16,446		\$16,446
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants			\$26,501	\$141,636	\$168,137		\$168,137
71100 Investment Income - Unrestricted	\$2,540		\$2		\$2,542		\$2,542
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue	\$18,646	\$174,318	\$187		\$193,151	-\$23,555	\$169,596
71600 Gain or Loss on Sale of Capital Assets	-\$11,809				-\$11,809		-\$11,809
72000 Investment Income - Restricted			\$12		\$12		\$12
70000 Total Revenue	\$1,219,695	\$174,318	\$82,020	\$141,636	\$1,617,669	-\$23,555	\$1,594,114
91100 Administrative Salaries	\$208,841	\$12,192			\$221,033	-\$12,192	\$208,841
91200 Auditing Fees	\$4,190		\$1,400		\$5,590		\$5,590
91300 Management Fee			\$18,444		\$18,444		\$18,444
91310 Book-keeping Fee							
91400 Advertising and Marketing	\$990				\$990		\$990
91500 Employee Benefit contributions - Administrative	\$104,443	\$6,356			\$110,799	-\$6,356	\$104,443
91600 Office Expenses	\$39,211	\$4,774	\$624		\$44,609	-\$4,774	\$39,835
91700 Legal Expense	\$5,861				\$5,861		\$5,861
91800 Travel	\$1,472				\$1,472		\$1,472
91810 Allocated Overhead							
91900 Other	\$16,219	\$233	\$16,884		\$33,336	-\$233	\$33,103
91000 Total Operating - Administrative	\$381,227	\$23,555	\$37,352	\$0	\$442,134	-\$23,555	\$418,579
92000 Asset Management Fee							
92100 Tenant Services - Salaries	\$41,478				\$41,478		\$41,478
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	\$27,799				\$27,799		\$27,799
92400 Tenant Services - Other	\$1,814				\$1,814		\$1,814
92500 Total Tenant Services	\$71,091	\$0	\$0	\$0	\$71,091	\$0	\$71,091

Housing Authority of the City of Pekin (IL044)
PEKIN, IL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized	\$4,213				\$4,213		\$4,213
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense	\$286,961		\$44,848		\$331,809		\$331,809
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$1,562,084	\$23,555	\$228,715	\$0	\$1,814,354	-\$23,555	\$1,790,799
10010 Operating Transfer In	\$352		\$141,636		\$141,988	-\$141,988	\$0
10020 Operating transfer Out	-\$352			-\$141,636	-\$141,988	\$141,988	\$0
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$141,636	-\$141,636	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$342,389	\$150,763	-\$5,059	\$0	-\$196,685	\$0	-\$196,685
11020 Required Annual Debt Principal Payments	\$0	\$0	\$19,283	\$0	\$19,283		\$19,283
11030 Beginning Equity	\$4,232,295	\$44,062	\$104,497	\$0	\$4,380,854		\$4,380,854
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0				\$0		\$0
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	2354		384		2738		2738
11210 Number of Unit Months Leased	2192		342		2534		2534
11270 Excess Cash	\$484,681				\$484,681		\$484,681
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$31,854				\$31,854		\$31,854
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$529				\$529		\$529
11650 Leasehold Improvements Purchases	\$0				\$0		\$0
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0		\$0



Chris Bruns, Executive Director and Board of Commissioners
Pike County Housing Authority
838 Mason Street - PO Box 123
Barry, IL 62312-0123

I have audited the financial statements of the business-type activities of the Pike County Housing Authority for the year ended December 31, 2022. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my engagement letter to you dated July 13, 2023. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Pike County Housing Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2022. I noted no transactions entered into by Pike County Housing Authority during the year for which there is a lack of authoritative guidance and consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Housing Authority's financial was:

Management's estimate of the depreciation expense is based on estimated useful lives of capital assets. I evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosure(s) affecting the financial statements was:

The disclosure of long term debt in Note 15 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each program's financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statement or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated August 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Pike County Housing Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there was no such consultation with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pike County Housing Authority's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

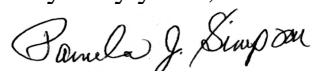
Other Matters

I was engaged to report on the Financial Data Schedule, which accompany the financial statements but are not RSI. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriated and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of Pike County Housing Authority and is not intended to be, used by anyone other than specified parties.

Very truly yours,



Pamela J. Simpson, CPA