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March 23, 2016

Board of Directors
Housing Authority of the City of Bedford
1305 K Street
Bedford, IN 47421

We have reviewed the audit report prepared by BRZ Sailor Khan LLC, Independent Public Accountants, for the period April 1, 2014 to March 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Bedford, as of March 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF BEDFORD
BEDFORD, INDIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

HOUSING AUTHORITY OF THE CITY OF BEDFORD
Bedford, Indiana

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MARCH 31, 2015

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SECTION I
AUDITOR'S REPORT
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Bedford, Indiana, (Authority), as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bedford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the City of Bedford's preparation and fair presentation of the financial statements 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 of the City of Bedford's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Bedford, as of March 31, 2015 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through ix 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

Report on Supplementary 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 Bedford's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the remaining accompanying supplementary information including the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 above described supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the Housing Authority of the City of Bedford's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Bedford's internal control over financial reporting and compliance.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
November 25, 2015

Housing Authority of the City of Bedford

Management's Discussion and Analysis (MD&A)

March 31, 2015

(Unaudited)

This section of the Housing Authority of the City of Bedford, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- ▶ The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of March 31, 2015 was \$1,109,617. The net position decreased by \$163,600, a decrease of 12.8% over the prior year.
- ▶ Revenues and contributions for the Authority were \$1,655,743 for the year ended March 31, 2015. This was an increase of \$81,639 or 5.2% over the prior year.
- ▶ Expenses for the Authority were \$1,818,176 for the year ended March 31, 2015. This was a decrease of \$57,596 or 3.1% over the prior year.
- ▶ Rental revenue for the Authority was \$463,572 for the year ended March 31, 2015, a decrease of \$49,280 or 9.6% from the prior year. HUD operating grants for the Authority was \$1,049,351 for the year ended March 31, 2015, an increase of \$34,874 or 3.4% over the prior year. Capital contributions were \$31,005 for the year ended March 31, 2015, a decrease of \$33,239 or 51.7% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2015 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,109,617 at the close of the year ended March 31, 2015 down from \$1,273,217 in fiscal year 2014. The decrease in net position of \$163,600 was due to the reasons noted below.

- ▶ Current and other assets include cash, investments, receivables, materials inventory and prepaid expenses. Of the \$7,168 decrease in this category, cash and investments increased \$72,577, restricted cash and cash equivalents decreased \$11,466, receivables decreased \$61,676, materials inventory increased \$3,335, and prepaid expenses increased \$4,398.
- ▶ Capital assets decreased \$180,504 because current year depreciation exceeded capital asset additions. Change in capital assets is explained in section titled "Capital Asset" of this analysis.
- ▶ Current liabilities decreased \$1,110 from FY 2014 mainly due to decreases in accounts payable of \$32,549, current portion of accrued compensated absences of \$3,426, current portion of long-term debt of \$582, and accrued wages and payroll taxes payable of \$743. This was partially offset by an increase in unearned revenues of \$37,096.
- ▶ Noncurrent liabilities decreased \$8,625 from FY 2014 due to a decrease in noncurrent portion of long-term debt of \$8,766.

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$(52,474) as of March 31, 2015. This amount may be used to meet the Authority's ongoing obligations. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. This amount is subject to external restrictions on how they may be used.

CONDENSED STATEMENTS OF NET ASSETS
MARCH 31,

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 172,961	\$ 165,793	\$ 7,168	4.3%
Capital assets	<u>1,162,091</u>	<u>1,342,595</u>	<u>(180,504)</u>	-13.4%
Total Assets	<u>1,335,052</u>	<u>1,508,388</u>	<u>(173,336)</u>	-11.5%
Current liabilities	187,097	188,207	(1,110)	-0.6%
Noncurrent liabilities	<u>38,339</u>	<u>46,964</u>	<u>(8,625)</u>	-18.4%
Total Liabilities	<u>225,436</u>	<u>235,171</u>	<u>(9,735)</u>	-4.1%
Net Assets				
Invested in capital assets	1,162,091	1,342,595	(180,504)	-13.4%
Restricted	----	11,465	(11,465)	-100.0%
Unrestricted	<u>(52,474)</u>	<u>(80,843)</u>	<u>28,369</u>	35.1%
Total Net Assets	<u>\$ 1,109,617</u>	<u>\$ 1,273,217</u>	<u>\$ (163,600)</u>	-12.8%

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

The 2013 approved capital grant (501-13) totals \$164,658 and was 99.6% expended as of March 31, 2015. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/15, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 97,192	100.0%	Operations
1410	\$ 16,466	100.0%	Administration
1460	\$ 15,000	96.0%	Dwelling Structures
1465	\$ 16,000	100.0%	Dwelling Equipment
1470	\$ 10,000	100.0%	Non-Dwelling Structures
1475	\$ 10,000	100.0%	Non-Dwelling Equipment

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

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

As can be seen in the table below, total revenues and contributions increased \$81,639 due to the reasons noted below.

- ▶ Rental revenue decreased \$49,280 or 9.6% primarily due to a decrease in excess utility charges.
- ▶ Of the \$34,874 increase in HUD operating grants, public housing operating subsidy decreased \$7,121, housing choice voucher program assistance increased \$42,459 and capital fund grants used for operating expenditures increased \$14,706.
- ▶ Other income decreased \$6,365 from FY 2014 mainly due to a decrease in other revenue for the Housing Choice Voucher program.
- ▶ Interest income decreased \$40 from FY 2014.
- ▶ Capital contributions decreased \$33,239 from FY 2014. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- ▶ The Authority had a special item of \$92,660 in FY 2015 for casualty loss proceeds. The Authority had a special item of \$43,029 in FY 2014 to transition existing NRP for the Housing Choice Voucher Program to HUD-Held Program Reserves.

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31,**

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 463,572	\$ 512,852	\$ (49,280)	-9.6%
HUD operating grants	1,049,351	1,014,477	34,874	3.4%
Interest income	7	47	(40)	-85.1%
Capital Contributions	31,005	64,244	(33,239)	-51.7%
Special items, gain/(loss)	92,660	(43,029)	135,689	-315.3%
Other income	19,148	25,513	(6,365)	-24.9%
Total Revenues and Contributions	<u>1,655,743</u>	<u>1,574,104</u>	<u>81,639</u>	5.2%
Expenses				
Personal services	481,519	501,989	(20,470)	-4.1%
Utilities	195,708	233,899	(38,191)	-16.3%
Operations and maintenance	130,421	161,345	(30,924)	-19.2%
Non routine maintenance	10,058	----	10,058	100.0%
Insurance	49,479	43,336	6,143	14.2%
Payment in lieu of taxes	5,745	12,291	(6,546)	-53.3%
Other supplies and expenses	87,405	82,417	4,988	6.1%
Housing assistance payments	604,564	555,362	49,202	8.9%
Interest expense	2,467	2,278	189	7.7%
Depreciation	250,810	282,855	(32,045)	-11.3%
Total Expenses	<u>1,818,176</u>	<u>1,875,772</u>	<u>(57,596)</u>	-3.1%
Change in net assets	(162,433)	(301,668)	139,235	
Beginning net assets	1,273,217	1,574,885	(301,668)	
Prior period adjustments	<u>(1,167)</u>	<u>----</u>	<u>(1,167)</u>	
Beginning net position, adjusted	<u>1,272,050</u>	<u>1,574,885</u>	<u>(302,835)</u>	
Ending net position	<u>\$ 1,109,617</u>	<u>\$ 1,273,217</u>	<u>\$ (163,600)</u>	

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

Total expenses decreased \$57,596 due to the reasons noted below.

- ▶ Of the \$20,470 decrease in personal services, employee wages decreased \$19,220 or 5.3% and employee benefits decreased \$1,250 or 0.9%.
- ▶ Of the \$38,191 decrease in utilities, water decreased \$3,972 or 7.4%, electricity decreased \$17,398 or 14.0%, and gas decreased \$16,821 or 30.3%.
- ▶ Operations and maintenance decreased \$30,924 or 19.2% due to a \$7,336 decrease in contracted maintenance services and a \$23,588 decrease in maintenance materials purchased during the current fiscal year.
- ▶ The Authority had non-routine maintenance in FY 2015 of \$10,058 for replacement of appliances below capitalization threshold.
- ▶ Insurance increased \$6,143 or 14.2% from FY 2014 primarily due to an increase in property insurance of \$6,941 or 20.1%.
- ▶ Payments in lieu of taxes decreased \$6,546 or 53.3% from FY 2014 due to a decrease in rental revenue.
- ▶ Other supplies and expense increased \$4,988 or 6.1% from FY 2014.
- ▶ Housing assistance payments increased \$49,202 or 8.9% due to a 5.4% increase in number of vouchers issued and outstanding during FY 2015. The Authority also had an increase in average housing assistance payment per unit of \$12.87 or 4.0%.
- ▶ The Authority had a \$32,045 or 11.3% decrease in Depreciation, which is the write-off of capital assets over their estimated useful life.
- ▶ Interest expense increased \$189 or 8.3% from FY 2014.

The Public Housing occupancy rate for fiscal year March 31, 2015 was 99.2%, up from 93.5% in FY 2014.

The Authority is authorized to assist 168 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for FY 2015 was 88.7%, up from 84.2% in FY 2014.

Housing Authority of the City of Bedford
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

CAPITAL ASSET

Capital Assets - The Housing Authority of the City of Bedford, Indiana's net investment in capital assets as of March 31, 2015 amounts to \$1,162,091. The investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation.

The total decrease in the Authority's capital assets for the current fiscal year was 13.4% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and capital contributions were \$70,306 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$250,810. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	<u>Beginning</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Ending</u>
Capital assets	\$1,342,595	\$70,306	\$(250,810)	\$1,162,091

DEBT ADMINISTRATION

Long-Term Debt - The Authority has a loan agreement with the Bedford Federal Savings Bank. The loan balance as of March 31, 2015 was \$22,996. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2016 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$459,319 for housing assistance payments for the months of April through December 2015 in the Housing Choice Voucher Program. The Authority also has \$56,009 available in HUD-Held Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$337.93 for FY 2015, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from April through December 2015. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2016 and adjusted for pro-ration which is currently at 81%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Joseph Klumpp, Executive Director, Housing Authority of the City of Bedford, 1305 K Street, Bedford, Indiana 47421.

SECTION II
FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET POSITION

March 31, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$	120,074.22
Receivable - net of allowances:		
Accounts		15,935.46
Inventory - net of allowances		21,560.57
Prepaid expenses		<u>15,390.97</u>
 Total Current Assets		 <u>172,961.22</u>

Capital assets:

Land, improvements, and construction in progress		167,664.68
Other capital assets, net of depreciation		<u>994,426.76</u>
 Total capital assets- net		 <u>1,162,091.44</u>
 Total Assets		 <u>1,335,052.66</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET POSITION (CONTINUED)

March 31, 2015

LIABILITIES

Current Liabilities:

Accounts Payable	41,310.63
Accrued salaries, wages and benefits	6,076.64
Accrued compensated absences	29,669.94
Tenant security deposit liability	31,969.00
Interest payable	149.00
Current portion of long term debt	8,780.42
Unearned revenues	<u>69,141.09</u>

Total Current Liabilities 187,096.72

Noncurrent Liabilities:

Long term debt	22,996.39
Accrued compensated absences	<u>15,342.37</u>

Total Noncurrent Liabilities 38,338.76

Total Liabilities 225,435.48

NET POSITION

Net investment in capital assets	1,162,091.44
Unrestricted	<u>(52,474.26)</u>

Total Net Position \$ 1,109,617.18

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended March 31, 2015

Operating Revenues:	
Rental revenue	\$ 463,571.55
Operating subsidies- HUD grants	1,049,351.01
Other revenues	<u>19,147.95</u>
Total operating revenues	<u>1,532,070.51</u>
Operating Expenses:	
Personal services	481,518.70
Utilities	195,707.68
Operations and maintenance	130,420.94
Non routine maintenance	10,057.63
Insurance	49,478.73
Payment in lieu of taxes	5,745.14
Other supplies and expenses	87,404.65
Housing assistance payments	604,564.00
Depreciation	<u>250,809.72</u>
Total operating expenses	<u>1,815,707.19</u>
Operating income (loss)	<u>(283,636.68)</u>
Non-operating revenues (expenses):	
Interest and investment earnings	6.90
Interest expense	<u>(2,467.39)</u>
Net non-operating revenues (expenses)	<u>(2,460.49)</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(286,097.17)

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

For Year Ended March 31, 2015

Capital contributions	31,005.00
Special items	<u>92,659.71</u>
Change in net position	(162,432.46)
Net position at beginning of year	1,273,216.98
Prior period error corrections	<u>(1,167.34)</u>
Net position adjusted at beginning of year	<u>1,272,049.64</u>
Net position at end of year	<u>\$ 1,109,617.18</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2015

Cash flows from operating activities:

Cash received from tenants	\$ 464,751.96
Cash received from HUD grants- operating	1,128,747.46
Cash received from other operating activities	27,474.54
Cash payments for goods and services	(1,111,370.85)
Cash payments to employees-salaries	(307,947.56)
Cash payments to employees-compensated absences	(38,917.79)
Cash payments for employee benefit contributions	(137,195.85)
Cash (payments) receipts for in lieu of property taxes	<u>(12,291.42)</u>

Net cash provided (used) by operating activities 13,250.49

Cash flows from capital and related financing activities:

Capital contributions	39,706.19
Proceeds from sale of assets	(0.10)
Payments for capital assets	(70,306.00)
Principal paid on capital debt	(8,183.81)
Interest paid on capital debt	<u>(2,514.09)</u>

Net cash (used) for capital and related financing activities (41,297.81)

Cash flows from investing activities:

Proceeds from sale of (payments) for investments	28,430.84
Interest and dividends	6.90
Receipts (payments) from tenant security deposits	<u>(3,509.00)</u>

Net cash provided (used) from investing activities 24,928.74

Net increase (decrease) in cash and cash equivalents 89,541.13

Cash and cash equivalents at beginning of year 30,533.09

Cash and cash equivalents at end of year \$ 120,074.22

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2015

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (283,636.68)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	250,809.72
Allowance for doubtful accounts	(1,620.15)
Allowance for inventory	370.53
Changes in assets and liabilities:	
Receivables	55,190.47
Inventory	(3,705.33)
Prepaid expenses	(4,399.23)
Accounts and other payables	(32,549.47)
Unearned revenues	35,333.13
Compensated absences	(3,285.44)
Accrued expenses	<u>742.94</u>
Net cash provided (used) by operating activities	<u>\$ 13,250.49</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

1d. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

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

Basis of Accounting

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

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity

Cash

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

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

Receivables

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

Inventories

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

Budgets and Budgetary Accounting

The 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 Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Ie. Assets, Liabilities, and Equity (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,000.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 40	years
Furniture, equipment and machinery - administration	5	years

Compensated Absences

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

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity (Continued)

Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no related debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1f. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 2 - Stewardship, Compliance, and Accountability

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

2a. Program Accounting Requirements

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

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2c. Revenue Restrictions

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

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the year ended March 31, 2015, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts

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

3a. Cash

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of March 31, 2015, the Authority's bank balances of \$148,469.49, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

3b. Accounts Receivable

Receivables detail at March 31, 2015, is as follows:

Tenant accounts receivable	\$	2,946.82	
Allowance for doubtful accounts		<u>(1,237.66)</u>	
Tenants accounts receivable - net			\$ 1,709.16
Fraud recovery		8,476.13	
Allowance for doubtful accounts		<u>(2,542.84)</u>	
Fraud recovery - net			5,933.29
Accounts receivable - HUD			7,871.01
Accounts receivable - other			<u>422.00</u>
			<u>\$ 15,935.46</u>

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3c. Capital Assets

Capital asset activity for the year ended March 31, 2015, was as follows:

	<u>Balance April 1, 2014</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance March 31, 2015</u>
Land	\$ 167,664.68	\$ -----	\$ -----	\$ 167,664.68
Building	7,768,446.11	70,306.00	237,940.48	8,076,692.59
Furniture, equipment and machinery- administration	170,043.41	-----	-----	170,043.41
Construction in progress	<u>237,940.00</u>	<u>-----</u>	<u>(237,940.00)</u>	<u>-----</u>
	8,344,094.20	<u>\$ 70,306.00</u>	<u>\$ 0.48</u>	8,414,400.68
Accumulated depreciation	<u>7,001,499.14</u>	<u>\$ 250,809.72</u>	<u>\$ 0.38</u>	<u>7,252,309.24</u>
Total	<u>\$ 1,342,595.06</u>			<u>\$ 1,162,091.44</u>

For assets that are depreciated refer to Note 1e - Capital Assets

3d. Accounts Payable

Payable detail at March 31, 2015, is as follows:

Accounts payable - vendors	\$ 17,569.90
Accounts payable - other government - PILOT	5,745.14
Accrued liabilities - other	<u>17,995.59</u>
	<u>\$ 41,310.63</u>

3e. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2015 is \$45,012.31.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3f. Non-current Liabilities

As of March 31, 2015, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>15,342.37</u>
Total	\$ <u><u>15,342.37</u></u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2015:

	<u>Balance March 31, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2015</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>31,761.96</u>	\$ ----	\$ <u>16,419.59</u>	\$ <u>15,342.37</u>	\$ <u>29,669.94</u>
Total	\$ <u><u>31,761.96</u></u>	\$ <u><u>----</u></u>	\$ <u><u>16,419.59</u></u>	\$ <u><u>15,342.37</u></u>	\$ <u><u>29,669.94</u></u>

3g. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended March 31, 2015:

Type of Debt	<u>Balance March 31, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2015</u>	<u>Amounts Due within One Year</u>
Loan #170017183	\$ <u>31,761.96</u>	\$ ----	\$ <u>8,765.57</u>	\$ <u>22,996.39</u>	\$ <u>8,780.42</u>
Total	\$ <u><u>31,761.96</u></u>	\$ <u><u>----</u></u>	\$ <u><u>8,765.57</u></u>	\$ <u><u>22,996.39</u></u>	\$ <u><u>8,780.42</u></u>

On June 21, 2013, the Housing Authority of the City of Bedford entered into a loan agreement with the Bedford Federal Savings Bank in the amount of \$45,000.00. The loan is payable in 59 consecutive payments of principal and interest in the amount of \$890.20 beginning on August 1, 2013 and continuing on the same day of each month thereafter. This will be followed by 1 payment of principal and interest in the amount of \$889.97 on July 1, 2018, at a fixed interest rate of 6.875% per annum.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Long-term Debt (Continued)

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2015, are as follows:

<u>Year Ending March 31,</u>	<u>Loan #170017183</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 8,780.42	\$ 1,901.98
2017	9,403.48	1,278.92
2018	10,070.71	611.69
2019	<u>3,522.20</u>	<u>47.52</u>
Total	<u>\$ 31,776.81</u>	<u>\$ 3,840.11</u>

3h. Interprogram Transactions

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

NOTE 4 - Special Item

In 2009, the Housing Authority of the City of Bedford began repaying Housing Assistance Payments (HAP) that the Authority had utilized to cover the agency's administrative expenses dating back to 2007 as determined by the Quality Assurance Division of HUD's Office of Housing Choice Vouchers Program (HCV). In January, 2013 the Authority was informed that the protocol for HCV repayments was being converted to a new formation and payment methodology. The Authority has been mandated to return the amount of \$43,029.00 to the Authority Program Reserve Account and the Authority has agreed to make a single installment payment by June 30, 2013. The Authority has secured a loan to cover this payment.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 5 - Other Notes

5a. Employee Retirement Plan

Defined Contribution Plan: The Authority has also provided a defined contribution plan. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Authority contributed 6 percent of covered payroll. Employees also contribute a percentage of covered payroll.

For the year ended March 31, 2015, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 346,881.90
Payroll for covered employees	\$ 334,644.00
Employer (Authority) contributions made	\$ 20,078.64

5b. Risk Management

The 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 Authority manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Auto Owners Insurance.
b. Injuries to employees (workers' compensation)	Purchased insurance with Auto Owners Insurance; Claims are administered by Farmer Group.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.
d. Health and life	Purchased health insurance with Anthem Blue Cross; Life insurance is provided by Guardian.

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

5c. Economic Dependency

The Housing Authority of the City of Bedford receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2015

NOTE 5 - Other Notes (Continued)

5d. Commitments and Contingencies

Commitments—Construction

At March 31, 2015, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-13	\$ 164,658.00	\$ 164,062.98
	<u>\$ 164,658.00</u>	<u>\$ 164,062.98</u>

Contingencies

The 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 Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended March 31, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
<u>U.S. Department of HUD</u>			
<u>Public and Indian Housing</u>			
<u>Major - Direct Program</u>			
2015	Low Rent Program	14.850a	\$ <u>214,079.00</u>
<u>Low Income Public Housing</u>			
<u>Nonmajor - Direct Program</u>			
2015	Housing Choice Vouchers	14.871	\$ <u>664,413.01</u>
<u>Public and Indian Housing</u>			
<u>Major - Direct Program</u>			
2015	Capital Fund program	14.872	\$ <u>201,865.00</u>
Total			\$ <u>1,080,357.01</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

PHA'S STATEMENT AND CERTIFICATION OF
CAPITAL FUND PROGRAM COSTS

March 31, 2015

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-14</u>
Funds approved	\$ 170,859.00
Funds expended	<u>170,859.00</u>
Excess of Funds Approved	\$ <u>-----</u>
Funds advanced	\$ 170,859.00
Funds expended	<u>170,859.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated November 25, 2015 submitted to HUD for approval is in agreement with the PHA's records as of March 31, 2015.
3. All costs have been paid and all related liabilities have been discharged through payments.

EXHIBIT A
FINANCIAL DATE SCHEDULE

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$70,939	\$17,166	\$88,105		\$88,105
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$31,969		\$31,969		\$31,969
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$102,908	\$17,166	\$120,074		\$120,074
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$2,716	\$5,155	\$7,871		\$7,871
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$422		\$422		\$422
126 Accounts Receivable - Tenants	\$2,947		\$2,947		\$2,947
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,238		-\$1,238		-\$1,238
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$8,476	\$8,476		\$8,476
128.1 Allowance for Doubtful Accounts - Fraud		-\$2,543	-\$2,543		-\$2,543
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,847	\$11,088	\$15,935		\$15,935
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$10,924	\$4,468	\$15,392		\$15,392
143 Inventories	\$23,956		\$23,956		\$23,956

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	-\$2,396		-\$2,396		-\$2,396
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$140,239	\$32,722	\$172,961		\$172,961
161 Land	\$167,665		\$167,665		\$167,665
162 Buildings	\$8,076,693		\$8,076,693		\$8,076,693
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$139,225	\$30,818	\$170,043		\$170,043
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$7,221,490	-\$30,818	-\$7,252,308		-\$7,252,308
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,162,093	\$0	\$1,162,093		\$1,162,093
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,162,093	\$0	\$1,162,093		\$1,162,093
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$1,302,332	\$32,722	\$1,335,054		\$1,335,054

Housing Authority of the City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$15,661	\$1,908	\$17,569		\$17,569
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$8,077		\$8,077		\$8,077
322 Accrued Compensated Absences - Current Portion	\$27,841	\$1,829	\$29,670		\$29,670
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$149	\$149		\$149
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$5,745		\$5,745		\$5,745
341 Tenant Security Deposits	\$31,969		\$31,969		\$31,969
342 Unearned Revenue	\$68,587	\$574	\$69,161		\$69,161
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings		\$8,780	\$8,780		\$8,780
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$17,998		\$17,998		\$17,998
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$173,858	\$13,240	\$187,098		\$187,098
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings		\$22,997	\$22,997		\$22,997
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$8,970	\$5,372	\$14,342		\$14,342
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELJM	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$9,970	\$28,369	\$38,339		\$38,339
300 Total Liabilities	\$183,826	\$41,609	\$225,435		\$225,435
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,182,093		\$1,182,093		\$1,182,093
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	-\$43,587	-\$8,887	-\$52,474		-\$52,474
513 Total Equity - Net Assets / Position	\$1,118,506	-\$8,887	\$1,109,619		\$1,109,619
800 Total Liabilities, Deferred Inflows of Resources and Equity -	\$1,302,332	\$32,722	\$1,335,054		\$1,335,054

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$429,891		\$429,891		\$429,891
70400 Tenant Revenue - Other	\$35,857		\$35,857		\$35,857
70500 Total Tenant Revenue	\$465,848	\$0	\$465,848	\$0	\$465,848
70600 HUD PHA Operating Grants	\$384,938	\$684,413	\$1,049,351		\$1,049,351
70610 Capital Grants	\$31,005		\$31,005		\$31,005
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					
71100 Investment Income - Unrestricted	\$8	\$1	\$7		\$7
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$848	\$848		\$848
71500 Other Revenue	\$18,500		\$18,500		\$18,500
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$900,287	\$885,082	\$1,585,369	\$0	\$1,585,369
91100 Administrative Salaries	\$146,521	\$28,999	\$175,520		\$175,520

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2016

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	\$8,421	\$3,399	\$9,820		\$9,820
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$57,562	\$4,327	\$61,889		\$61,889
91600 Office Expenses	\$44,034	\$8,338	\$52,973		\$52,973
91700 Legal Expense	\$1,913	\$54	\$1,967		\$1,967
91800 Travel	\$1,558	\$62	\$1,620		\$1,620
91810 Allocated Overhead					
91900 Other	\$10,589	\$175	\$10,764		\$10,764
91000 Total Operating - Administrative	\$269,198	\$45,355	\$314,553	\$0	\$314,553
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$4,342		\$4,342		\$4,342
92500 Total Tenant Services	\$4,342	\$0	\$4,342	\$0	\$4,342
93100 Water	\$49,685		\$49,685		\$49,685
93200 Electricity	\$107,290		\$107,290		\$107,290
93300 Gas	\$38,733		\$38,733		\$38,733
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$195,708	\$0	\$195,708	\$0	\$195,708
94100 Ordinary Maintenance and Operations - Labor	\$133,170		\$133,170		\$133,170
94200 Ordinary Maintenance and Operations - Materials and	\$49,569		\$49,569		\$49,569
94300 Ordinary Maintenance and Operations Contracts	\$80,852		\$80,852		\$80,852
94500 Employee Benefit Contributions - Ordinary Maintenance	\$75,307		\$75,307		\$75,307
94000 Total Maintenance	\$338,898	\$0	\$338,898	\$0	\$338,898
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$41,633		\$41,633		\$41,633
96120 Liability Insurance	\$3,209		\$3,209		\$3,209
96130 Workmen's Compensation	\$4,093		\$4,093		\$4,093
96140 All Other Insurance	\$544		\$544		\$544
96100 Total Insurance Premiums	\$49,479	\$0	\$49,479	\$0	\$49,479
96200 Other General Expenses	\$739		\$739		\$739
96210 Compensated Absences	\$33,192	\$2,441	\$35,633		\$35,633
96300 Payments in Lieu of Taxes	\$5,745		\$5,745		\$5,745
96400 Bad debt - Tenant Rents	\$2,276		\$2,276		\$2,276
96500 Bad debt - Mortgages					

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other		\$5,180	\$5,180		\$5,180
96800 Severance Expense					
96000 Total Other General Expenses	\$41,952	\$7,821	\$49,573	\$0	\$49,573
96710 Interest of Mortgage (or Bonds) Payable		\$2,468	\$2,468		\$2,468
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$2,468	\$2,468	\$0	\$2,468
96900 Total Operating Expenses	\$899,577	\$55,444	\$955,021	\$0	\$955,021
97000 Excess of Operating Revenue over Operating Expenses	\$720	\$609,818	\$610,338	\$0	\$610,338
97100 Extraordinary Maintenance	\$10,058		\$10,058		\$10,058
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$604,564	\$604,564		\$604,564
97350 HAP Portability-In					
97400 Depreciation Expense	\$250,809		\$250,809		\$250,809
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,180,444	\$680,008	\$1,820,452	\$0	\$1,820,452
10010 Operating Transfer In	\$153,773		\$153,773	-\$153,773	\$0
10020 Operating transfer Out	-\$153,773		-\$153,773	\$153,773	\$0

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
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)	\$92,680		\$92,680		\$92,680
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)	\$92,680	\$0	\$92,680	\$0	\$92,680
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$187,487	\$5,054	-\$182,433	\$0	-\$182,433
11020 Required Annual Debt Principal Payments	\$0	\$8,184	\$8,184		\$8,184
11030 Beginning Equity	\$1,287,158	-\$13,941	\$1,273,216		\$1,273,215
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$1,163		-\$1,163		-\$1,163
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		-\$8,883	-\$8,883		-\$8,883
11180 Housing Assistance Payments Equity		-\$4	-\$4		-\$4

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELJM	Total
11190 Unit Months Available	1980	2016	3996		3996
11210 Number of Unit Months Leased	1952	1769	3721		3741
11270 Excess Cash	-\$139,641		-\$139,641		-\$139,641
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$70,306		\$70,306		\$70,306
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
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

SECTION III
REPORTS ON COMPLIANCE
AND
ON INTERNAL CONTROL

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

Board of Commissioners
Housing Authority of the City of Bedford
Bedford, 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 Housing Authority of the City of Bedford, Indiana, (Authority), as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Bedford's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Bedford'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 Bedford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Bedford'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 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.

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

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
November 25, 2015

**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Bedford, Indiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Housing Authority of the City of Bedford's major federal programs for the year ended March 31, 2015. The Housing Authority of the City of Bedford'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 the requirements of laws, regulations, contracts and grants 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 Bedford'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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Bedford'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 with each major program. However, our audit does not provide a legal determination of the Housing Authority of the City of Bedford's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Bedford 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 March 31, 2015.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Bedford 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 Bedford'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 *OMB Circular A-133*, 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 Bedford'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 requirements 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 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.

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*, as defined above. 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 our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
November 25, 2015

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

March 31, 2015

The prior audit report for the year ended March 31, 2014 contained no significant deficiencies.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2015

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	No

Identification of major programs:

CFDA	
Number(s)	Name of Federal Program
14-850a	Public and Indian Housing
14-872	Public and Indian Housing - Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended March 31, 2015 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended March 31, 2015 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended March 31, 2015 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None