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May 19, 2016

Board of Commissioners  
Housing Authority of the City of Kokomo  
PO Box 1207  
Kokomo, IN 46903-1207

We have reviewed the audit report prepared by Goldie Roberts, CPA, for the period January 1, 2014 to December 31, 2014. 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 Kokomo, as of December 31, 2014 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

# HOUSING AUTHORITY OF THE CITY OF KOKOMO

AUDITED FINANCIAL STATEMENTS

Kokomo, Indiana

December 31, 2014

*Goldie Roberts*

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120  
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HOUSING AUTHORITY  
OF THE  
CITY OF KOKOMO

Kokomo, Indiana  
DECEMBER 31, 2014

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# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.  
Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Kokomo  
P.O. Box 1207  
Kokomo, Indiana 46903-1207

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Kokomo ("the Authority") which comprise the Statement of Net Position as of December 31, 2014, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Kokomo's 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 Authority'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 Authority's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Kokomo as of December 31, 2014, 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.

## Other Matters

### Required Supplementary Information

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

### Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information 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 June 25, 2015 on my consideration of the Housing Authority of the City of Kokomo's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Kokomo's internal control over financial reporting and compliance.

*Gold & Robert S*

Certified Public Accountant

Fredericksburg, Indiana  
June 25, 2015

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis  
December 31, 2014

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Our discussion and analysis of the financial performance of the Housing Authority of the City of Kokomo, Indiana (Housing Authority) provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2014. Please read the MD&A in conjunction with the Housing Authority's financial statements.

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

Financial Highlights

Total assets of the Authority for the year ended December 31, 2014, were \$18,001,943. Total liabilities were \$4,039,067. Total assets exceeded liabilities by \$13,962,876 (net position). The Housing Authority's net position decreased by \$1,183,248 during the year ended December 31, 2014.

Total revenues for the year ended December 31, 2014 were \$6,748,510. Total expenditures for the year ended December 31, 2014, were \$7,931,758. Expenditures exceeded revenues by \$1,183,248 for the year.

During 2014, the following grants were closed: Summer Leadership Academy Grant of \$588.

As of December 31, 2014, the Authority's net investment in capital assets was \$16,442,962 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment. Capital outlays for the year were \$1,303,205, \$480,010 of which were purchases from the Energy Performance Contract program and \$751,356 from the Superior Street Construction Fund.

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Financial Statements, and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements of the Housing Authority report information of the Housing Authority using accounting methods similar to those used by

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Overview of the Financial Statements (continued)

private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities.

The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

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

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, 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.

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

HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2014.

Financial Analysis

The Housing Authority's financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2014. The Statement of Revenues, Expenses and Changes in Fund Net Position summarizes the revenues and sources of those revenues generated during the year ended December 31, 2014, and the expenses incurred in operating the Housing Authority for the year ended December 31, 2014. The Statement of Cash Flows details the inflows and outflows of cash for the year ended December 31, 2014.



Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

The Housing Authority accounts for its housing activities in several programs. The following analysis focuses on the net position and the change in net position of the Housing Authority as a whole and not the individual programs.

Statement of Net Position

December 31, 2014

<u>ASSETS</u>	FYE Dec. 31, 2014	FYE Dec. 31, 2013	Net Change
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 956,634	\$ 1,260,090	\$ (303,456)
Accounts Receivable	128,129	21,170	106,959
Mortgages Receivable	0	16,700	(16,700)
Prepaid Expense	54,829	0	54,829
Inventory	47,668	46,409	1,259
<b>Total Current Assets</b>	<u>1,187,260</u>	<u>1,344,369</u>	<u>(157,109)</u>
<b>Capital Assets, Net</b>	<u>16,442,962</u>	<u>16,142,451</u>	<u>300,511</u>
<b>Restricted Cash</b>	<u>371,721</u>	<u>722,253</u>	<u>(350,532)</u>
<b>Total Other Assets</b>	<u>371,721</u>	<u>722,253</u>	<u>(350,532)</u>
<b>Total Assets</b>	<u><b>\$ 18,001,943</b></u>	<u><b>\$ 18,209,073</b></u>	<u><b>\$ 207,130</b></u>
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts Payable	\$ 86,079	\$ 105,116	\$ (19,037)
Payable from restricted cash and cash equivalents:			
Tenant's security deposits	82,512	77,810	4,702
Unearned revenue	15,563	11,627	3,936
<b>Total Current Liabilities</b>	<u>184,154</u>	<u>194,553</u>	<u>(10,399)</u>
<u>Noncurrent Liabilities</u>			
Long-Term Debt	3,761,490	2,766,036	995,454
Other noncurrent liabilities	93,423	102,360	(8,937)
<b>Total Noncurrent Liabilities</b>	<u>3,854,913</u>	<u>2,868,396</u>	<u>986,517</u>
<b>Total Liabilities</b>	<u><b>\$ 4,039,067</b></u>	<u><b>\$ 3,062,949</b></u>	<u><b>\$ 976,118</b></u>
<u>Net Position</u>			
Unrestricted	\$ 1,183,675	\$ 1,316,978	\$ (133,303)
Restricted	97,729	452,731	(355,002)
Net investment in capital assets	12,681,472	13,376,415	(694,943)
<b>Total Net Position</b>	<u><b>\$ 13,962,876</b></u>	<u><b>\$ 15,146,124</b></u>	<u><b>\$ (1,183,248)</b></u>

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Significant Changes in the Statement of Net Position

Cash and Cash Equivalents decreased by \$303,456 from \$1,260,090 in FY 2013 to \$956,634 in FY 2014 due to Net Loss of \$55,751 (not including Depreciation (noncash) Expense of \$1,127,497, unearned revenues of \$15,563 consisting of prepaid tenant rents, less outlays for Low Rent capital assets of \$71,839 and Energy Performance capital assets of \$480,010.

Accounts Receivable for the Housing Authority increased from \$21,170 in FY 2013 to \$128,129 in FY 2014. At FYE 2013 there was \$0 receivable from HUD for grant payments, but \$46,407 was receivable from HUD at FYE 2014. Net tenants accounts receivable decreased by \$7,124 from \$24,479 in 2013 to \$17,355 in 2014. The second silent mortgage allowance for doubtful accounts increased from (\$20,125) in FY 2013 to (\$16,700) in FY 2014. At FYE 2013, \$16,807 was receivable from insurance proceeds, but \$67,792 was receivable at FYE 2104.

The Section 32 Low Income Homeownership silent second mortgage decreased from \$20,125 in 2013 to \$16,700 in 2014 due to the cancellation of \$3,425 (one-tenth of the original mortgages).

Prepaid Expense increased from \$0 in FY 2013 to \$54,829 in FY 2014. In 2013, no expenses were prepaid, but in 2014 the Housing Authority had prepaid \$45,884 for the following year's insurance and \$8,945 on the Energy Performance Contract loan.

Inventory increased from \$46,409 in FY 2013 to \$47,668 in FY 2014. Inventories increased by \$1,259, and the allowance for obsolete inventory was remained the same resulting in the net increase of \$1,259.

Restricted cash decreased from \$722,253 in FY 2013 to \$371,721 in FY 2014. HCV Program HAP Equity decreased by \$180,740 due to \$191,478 of HAP expense more than what was received from HUD for HAP funding and \$10,738 received in fraud recovery. Cash restricted for payment of current liabilities increased by \$16,946. Cash restricted for Family Self-Sufficiency Escrows decreased by \$10,434. The Low Income Homeownership account decreased by \$59,731 from the rehabilitation of several scattered sites. The Construction Fund spent \$116,538 of restricted cash for construction costs. Cash restricted for Tenant Security Deposits increased by \$4,702. Cash restricted for accrued wages payable increased by \$1,497. Cash restricted for the Energy Performance Contract decreased by \$6,516.

Accounts Payable decreased from \$105,116 in FY 2013 to \$86,079 in FY 2014. Accrued interest payable and loan liability decreased by \$38,096. Accrued utility expense increased by \$9,714 to \$45,585, and other vendor accruals increased by \$9,345 and consists of an increase of \$485 in payroll related accruals, an \$81 increase in IDA funds payable to eligible homeownership participants, and an increase of \$8,779 for other accounts payable.

OHousing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis  
December 31, 2014  
(Continued)

Significant Changes in the Statement of Net Position (continued)

Tenant Security Deposits increased from \$77,810 as of December 31, 2013, to \$82,512 as of December 31, 2014.

Unearned revenue, which increased from \$11,627 in FY 2013 to \$15,563 in FY 2014, consisted of an increase of \$3,936 in the amount of tenant prepaid rent in 2014. January 1st is a holiday each year, so residents who receive disability payments from the Federal government received their payments on December 31, 2013, and December 31, 2014. Many of these residents prepaid their January rent.

The total increase in long-term debt was \$995,454. During 2013, \$2,766,036 was borrowed as part of a 20 year loan to pay for energy conservation measures under a HUD-approved Energy Performance Contract that was entered into in 2013. During 2014, an additional \$604,356 was borrowed for a total loan of \$3,370,392. Principal payments of \$55,543 were made during 2014 for a net increase of \$548,813. During 2014, Superior Street Development Corporation borrowed \$450,000 to build a four-unit townhouse. During 2014, principal payments of \$3,359 were made resulting in a net increase of \$446,641. Other Noncurrent Liabilities decreased from \$102,360 in FY 2013 to \$93,423 in FY 2014 and included escrow accounts for those tenants who were enrolled in the five-year Family Self-Sufficiency program. Their total escrow balances increased from \$77,532 in FY 2013 to \$67,098 in FY 2014. \$65,670 was paid to participants who completed the program during 2014. The non-current portion of accrued wages increased by \$1,497.

Unrestricted Net Position increased by \$133,303 from \$1,316,978 in FY 2013 to \$1,183,675 in FY 2014 due to a decrease in operating reserves of \$79,962 for 2014 in the Low Income Public Housing program, a reduction of \$103,856 in Business Activities, and an increase of \$50,515 in the Section 8 Voucher program.

Restricted Net Position decreased by \$355,002 from \$452,731 in FY 2013 to \$97,729 in FY 2014. The assets from the scattered site sales program, which was established in 2006 for the net proceeds of scattered site sales from the LIPH Homeownership Program, decreased by \$59,812; and the Housing Choice Voucher HAP Equity decreased by \$180,740 mostly due to less HAP funding received than HAP payments made. The Briarwick and Construction Funds spent \$114,450 of restricted cash for construction costs.

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Significant Changes in the Statement of Net Position (continued)

Changes in Net Position			
	FYE	FYE	
<u>OPERATING REVENUES</u>	Dec. 31, 2014	Dec. 31, 2013	Net Change
Rental income	\$ 926,647	\$ 876,302	\$ 50,345
Other income	103,236	95,722	7,514
<b>TOTAL OPERATING REVENUE</b>	<u>1,029,883</u>	<u>972,024</u>	<u>57,859</u>
 <u>OPERATING EXPENSES</u>			
Administrative	1,219,189	1,235,103	(15,914)
Tenant services	185,426	211,377	(25,951)
Utilities	788,914	702,595	86,319
Ordinary maintenance & operation	1,507,640	2,467,565	(959,925)
Protective services	32,158	44,423	(12,265)
Casualty loss - not capitalized	8,918	3,607	5,311
General expense	226,555	205,054	21,501
Housing assistance payments	2,823,896	2,875,507	(51,611)
Depreciation expense	1,127,497	1,061,998	65,499
<b>TOTAL OPERATING EXPENSES</b>	<u>7,920,193</u>	<u>8,807,229</u>	<u>(887,036)</u>
 <b>OPERATING INCOME (LOSS)</b>	 <u>(6,890,310)</u>	 <u>(7,835,205)</u>	 <u>944,895</u>
 <u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal grants	5,524,616	5,205,244	319,372
Gain or loss on capital assets	(43,209)	(8,227)	(34,982)
Interest expense	(11,565)	(33,625)	22,060
Interest income	1,671	1,920	(249)
<b>TOTAL NONOPERATING REVENUE</b>	<u>5,471,513</u>	<u>5,165,312</u>	<u>306,201</u>
 <b>CAPITAL CONTRIBUTIONS</b>	 <u>235,549</u>	 <u>199,866</u>	 <u>35,683</u>
 <b>CHANGE IN NET POSITION</b>	 <u>(1,183,248)</u>	 <u>(2,470,027)</u>	 <u>1,286,779</u>
 <b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	 <u>15,146,124</u>	 <u>17,616,151</u>	 <u>(2,470,027)</u>
 <b>TOTAL NET POSITION - END OF YEAR</b>	 <u><b>\$ 13,962,876</b></u>	 <u><b>\$ 15,146,124</b></u>	 <u><b>\$ (1,183,248)</b></u>

Rental income increased by \$50,345 from \$876,302 in FY 2013 to \$926,647 in FY 2014.

Other income increased by \$7,514 from \$95,722 in FY 2013 to \$103,236 in FY 2014. Fraud recovery from unreported income in the HCV program decreased by \$11,702. In the Low Rent Program laundry income, insurance dividends and miscellaneous income increased by \$19,117. In the Section 8 Program, \$99 was earned from miscellaneous income.

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis  
December 31, 2014  
(Continued)

Significant Changes in the Statement of Net Position (continued)

Administrative salaries and benefits decreased by \$885. Staff training expenses decreased by \$6,859. Legal expense increased by \$1,187, office expenses increased by \$1,961, and other administrative expenses decreased by \$11,318 for a net decrease of \$15,914.

Tenant services decreased by \$25,951. Salary costs decreased by \$5,397 due to less part time hours, and benefit costs decreased by \$18,823. Other tenant services decreased by \$1,731.

Utility expenses increased by \$86,319. Water decreased by \$40,025 and sewage decreased by \$75,024, electricity increased by \$7,367, and gas increased by \$34,094. There was no other utilities expense during 2013, but in 2014 other utilities expense consisted of \$11,579 in Energy Performance Contract Measurement and Verification costs and \$148,328 in interest expense for the Energy Performance Contract loan.

Maintenance salaries and benefits increased by \$11,182 or 2% due to budgeted positions not being filled the entire year during 2013 but were during 2014 and additional seasonal workers being hired.

Maintenance material costs increased by \$53,743. Maintenance contract costs decreased by a net of \$1,024,850. There were \$1,166,867 in costs due to maintenance work done for the Energy Performance Contract during 2013 and \$87,442 during 2014, a decrease of \$1,079,425. Other maintenance contracts, such as equipment and auto repairs, extermination, mowing and snow removal, and trash removal increased by \$54,575.

Protective Services costs decreased by \$12,265 in FY 2014 due to \$10,000 decrease in additional police protection paid from the Capital Fund. \$30,000 was paid in FY 2013 and \$20,000 in FY 2014. Other protective services including alarm monitoring, extinguisher services, and sprinkler testing and monitoring decreased by \$2,265 due to less necessary repairs during 2014.

Casualty losses increased by \$5,311. Toward the end of 2013, a tornado did extensive damage to several of our properties. As of December 31, 2013, \$16,806 had been expended toward repairs and that much reimbursed by insurance. Also in 2013, a fire occurred resulting in \$1,304 in expenses, and small incidents that did not exceed our deductibles resulted in \$2,303 in expense for a net 2013 loss of \$3,607. During 2014, additional costs for repairs due to the tornado totaled \$525,406. Insurance has paid \$515,398 and an additional \$67,792 is receivable for a loss of the deductible of \$5,000. Also in 2014, a fire occurred resulting in \$977 in expenses, and small incidents that did not exceed our deductibles resulted in \$2,940 in expense for a net 2014 loss of \$8,917.

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Significant Changes in the Statement of Net Position (continued)

General expenses increased during FY 2014 by \$21,501 from an increase of \$13,080 in insurance costs, an increase of \$251 in payment in lieu of taxes (PILOT), a decrease of \$3,197 in tenant rent bad debt, an increase in compensated absences of \$4,326, and an increase of \$7,041 in miscellaneous general expense.

Even though leasing increased by 243 unit months, the average Housing Assistance Payment decreased from \$387.01 in FY 2013 to \$368.04 in FY 2014, resulting in a decrease in Housing Assistance Payments of \$51,611.

Depreciation expense increased by \$65,499 from the addition to capital assets of \$71,839 from Low Income Public Housing purchases, \$751,356 in additions from the Superior Street Construction project, and \$480,010 in purchases due to the Energy Performance Contract.

The increase in Federal grants of \$319,372 is a net result attributed to several programs. Low Rent's subsidy increased by \$300,270 due to HUD increasing the funding level from 81.86% for 2013 to 88.79% for 2014. The Capital Fund grants received \$42,596 in increased funding. The Section 8 Voucher subsidy decreased by \$23,494. The Housing Assistance Payment (HAP) subsidy is based on prior periods' payments made. The Administrative Fee Subsidy is based on prior periods' units leased and was increased from receiving 75% of eligibility in 2013 to 79% in 2014.

The loss of \$43,209 in 2014 resulted from the disposal of capital assets which were not fully depreciated. The loss in 2013 resulted from the sale of land through the LIPH homeownership program.

During FY 2014 interest rates on funds remained low during the year as they did in FY 2013 and earlier and our reserves were lower during FY 2014. Low Rent Public Housing program earned \$51 less interest, the Section 8 Voucher program \$76 less, the Scattered Sites Homeownership program earned \$41 less, and the Business Activities \$81 less for a total of a \$249 decrease.

Capital contributions are the funds received through the Capital Grant Program that finance the improvements, repairs and replacements to the Housing Authority's buildings and equipment. During 2014, the Authority spent \$35,683 more than during 2013 on the projects that were undertaken.

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Financial Position and Results of Operations

The Housing Authority's net position decreased in 2014 from \$15,146,124 in 2013 to \$13,962,876 by \$1,183,248. The decrease to net assets in FY 2013 was \$2,470,027. The decrease in net position is due to the fact that expenses exceeded revenues for the year. The total operating expenses decreased by \$887,036, the operating revenue increased by \$57,859, the non-operating income increased by \$306,201 and the capital contributions increased by \$35,683.

Overall there was a \$319,372 increase in total Federal Grants in 2014. The Low Income Public Housing Program had a \$300,270 (17%) increase, the Housing Choice Voucher Program a \$23,494 (1%) increase, and the Capital Fund Grant Program a \$42,596 (9%) increase.

Capital Assets

Capital Assets are the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2014:

Land	\$ 1,123,125
Buildings	30,374,379
Furniture and equipment	1,989,488
Construction in Progress	<u>429,013</u>
Sub-total	33,916,005
Less: Accumulated Depreciation	<u>( 17,473,043)</u>
Capital Assets, net	<u>\$ 16,442,962</u>
Capital Assets at December 31, 2013	\$ 16,142,451
2014 Depreciation	( 1,127,497)
Low Rent Capital Outlays	71,839
Superior Street Construction Additions	751,356
Energy Performance Contract Additions	480,010
Increase in Construction in Progress	168,013
Disposals, net of accumulated depreciation	<u>(43,210)</u>
Capital Assets at December 31, 2013	<u>\$ 16,442,962</u>

Debt

During 2013, the Authority entered into an Energy Performance Contract (EPC) with Johnson Controls, Inc. to install energy conservation measures. The Authority entered into one year construction loan during 2013 which, in 2014, converted into a twenty year \$3,370,392 loan agreement at a 4.55% interest rate with First Farmers Bank & Trust to fund the measures with payments to begin in 2014. HUD has agreed to fund the loan payments by freezing the utility subsidy at pre-EPC rates. The amounts under Loan Payable-EPC total the balance of the loan agreement which is \$3,314,849 at December 31, 2014.

Housing Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Debt (continued)

Also during 2013, Superior Street Housing Development Corporation entered into a contract with Monroe Construction to develop a three-bedroom four unit townhouse and entered into a one year construction loan which converted to a thirty year \$450,000 loan agreement at a 4.75% interest rate with Community First Bank to fund the development. The loan payments will be funded by rents received from the units. Interest and principal payments are made monthly, and on December 31, 2014, no loan liability existed. The amount under Loan Payable-Construction of \$446,641 is the balance of the loan at December 31, 2014.

Other noncurrent liabilities consist of \$67,098 of residents' Family Self-Sufficiency escrow deposits and \$26,325 of accrued compensated absences. There are also current accounts payables of \$184,154 consisting of vendor accounts payable of \$86,079 all of which are due and payable within the year, \$82,512 in tenants' security deposits, and \$15,563 of unearned revenues.

Subsequent Events

The Authority adopted an operating budget for FYE December 31, 2015, reflecting total operating revenues of \$6,983,184 and total operating expenses of \$7,179,684. KHA based the budget on the Low Rent program being funded at a 82.35% level. The 2014 funding level was 88.79%. For the first six months of 2015, HUD has funded the Low Rent Subsidy at 85.54% of eligible funding. If this level continues for all of 2015, the Low Rent Program could receive \$83,118 more than what was budgeted.

HUD has awarded KHA \$2,816,031 in HAP funding for 2015 which could be adjusted monthly based on HAP payments during the year, and \$257,339 in administrative fees for January through October of 2015. Administrative fees are paid solely on the basis of the number of units leased as of the first of each month. The total fee eligibility will be calculated monthly, based on the Authority's VMS reporting. KHA received a Family Self-Sufficiency (FSS) grant for a part-time FSS Coordinator in the amount of \$20,654. Using the HAP funding awarded through December, 2015, the administrative fees awarded through October 2015, and the FSS grant, if the funding level remains the same, the Housing Choice Voucher program may receive \$16,444 less than budgeted.

The Authority has pending litigation comprised of a civil suit based on a Civil Rights, Title VII, ADA and FHA complaint. The Authority's liability insurance carrier is providing counsel and defense. The defense counsel has filed a Motion for Partial Dismissal. The plaintiffs have not made a formal demand; therefore, damages are unknown.

The Authority has threatened litigation comprised of a tort claim notice filed for personal injury. The Authority does not appear to have any exposure based on the fact that the Claimants were not Housing



Authority of the City of Kokomo  
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2014

(Continued)

Subsequent Events (continued)

residents or the Authority and/or the property in which they resided was not owned, operated or managed by the Authority.

The Authority's attorney expressed his professional opinion that the foregoing matters do not present the potential for impairment of assets and that a loss cannot be reasonably estimated or realized based on the availability of sufficient insurance coverage.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Chief Executive Officer or the Director of Finance:

Kokomo Housing Authority  
PO Box 1207  
Kokomo, IN 46903-1207  
765-459-3162

## FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

**ASSETS**

**Current Assets**

Cash	\$ 956,634
Accounts receivable, net	128,129
Prepaid expenses	54,829
Inventory, net	47,668
<b>Total Current Assets</b>	<b><u>1,187,260</u></b>

**Noncurrent Assets**

**Restricted assets**

Restricted cash and investments	371,721
---------------------------------	---------

**Notes and Mortgages receivable, net**

0

**Capital assets**

Land and other nondepreciable assets	1,552,138
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Depreciable capital assets, net	14,890,824
---------------------------------	------------

<b>Total Capital Assets</b>	<b><u>16,442,962</u></b>
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<b>Total Noncurrent Assets</b>	<b><u>16,814,683</u></b>
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<b>TOTAL ASSETS</b>	<b><u>18,001,943</u></b>
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**LIABILITIES**

**Current liabilities**

Accounts payable	168,591
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Current portion of long term debt	60,129
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Unearned revenue	15,563
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<b>Total current liabilities</b>	<b><u>244,283</u></b>
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**Noncurrent liabilities**

Other noncurrent liabilities	93,423
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Long term debt	3,701,361
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<b>Total Noncurrent liabilities</b>	<b><u>3,794,784</u></b>
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<b>TOTAL LIABILITIES</b>	<b><u>4,039,067</u></b>
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**NET POSITION**

Unrestricted	1,183,675
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Restricted	97,729
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Net investment in capital assets	12,681,472
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<b>TOTAL NET POSITION</b>	<b><u>\$ 13,962,876</u></b>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2014

OPERATING REVENUES

Total rental income	\$ 926,647
Other income	<u>103,236</u>
 TOTAL OPERATING REVENUE	 <u>1,029,883</u>

OPERATING EXPENSES

Administrative	1,219,189
Tenant services	185,426
Utilities	788,914
Ordinary maintenance and operation	1,516,558
Protective services	32,158
General expense	238,120
Housing assistance payments	2,823,896
Depreciation expense	<u>1,127,497</u>
 TOTAL OPERATING EXPENSES	 <u>7,931,758</u>

OPERATING INCOME (LOSS)	(6,901,875)
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NONOPERATING REVENUES (EXPENSES)

Federal operating grants	5,524,616
Gain on sale of capital assets	(43,209)
Interest income	<u>1,671</u>

TOTAL NONOPERATING REVENUES	<u>5,483,078</u>
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INCOME (LOSS) BEFORE OTHER REVENUES	(1,418,797)
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CAPITAL CONTRIBUTIONS	<u>235,549</u>
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INCREASE (DECREASE) IN NET POSITION	(1,183,248)
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NET POSITION, BEGINNING OF YEAR	<u>15,146,124</u>
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NET POSITION, END OF YEAR	<u><u>\$ 13,962,876</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 840,324
Other receipts (payments)	103,236
Payments to suppliers	(2,140,241)
Payments to/for employees	(1,919,484)
Payments to landlords	<u>(2,823,896)</u>

Net Cash Flows Provided (Used) by Operating Activities	<u>(5,940,061)</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>5,524,616</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>5,524,616</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	235,549
Principal borrowed on notes	995,454
Interest expense	0
Gain on sale of capital assets	(43,209)
Purchase of capital assets	<u>(1,428,008)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(240,214)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	0
Interest income	<u>1,671</u>
Net Cash Flows Provided by Investing Activities	<u>1,671</u>

Net change in cash (653,988)

Cash - Beginning of year	<u>1,982,343</u>
Cash - End of year	<u>\$ 1,328,355</u>

Reconciliation of Cash:

Unrestricted	\$ 956,634
Restricted	<u>371,721</u>
Total Cash and Cash Equivalents	<u>\$ 1,328,355</u>

Continued

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ (6,901,875)
Adjustments to reconcile net operating income to net cash Provided by operating activities:	
Depreciation	1,127,497
(Increase) Decrease in:	
Accounts receivable	(90,259)
Inventory and prepaid expenses	(56,088)
Increase (Decrease) in:	
Accounts payable	(14,335)
Accrued liabilities	(8,937)
Unearned revenue	<u>3,936</u>
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(5,940,061)</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 1 - Summary of Significant Accounting Policies and Organization:**

The financial statements of the HOUSING AUTHORITY OF THE CITY OF KOKOMO ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to special purpose governments engaged in business type activities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF KOKOMO ("the Authority") is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Low Income Public Housing program (Contract No. C-941) and a Section 8 Housing Choice Voucher program (Contract No. C-2034).

**Reporting Entity**

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Kokomo, a primary government. Although it is legally separate from the Kokomo Housing Authority, the Superior Street Housing Development Corporation is reported as if it were part of the primary government because its sole purpose is to work in conjunction with the Housing Authority to assist with providing housing, and it has the same governing board. The Housing Authority also uses the Khatco Corporation to provide training for low and moderate income individuals and Section 8 landlords. Accordingly the Superior Street Housing Development Corporation's and Khatco, Inc.'s financial information have been blended with the Kokomo Housing Authority.

At December 31, 2014, the Housing Authority had 1,240 units in management and was administering other programs as listed below:

Management

Low-Income Public Housing	551
Section 8 Housing Choice Vouchers	<u>689</u>
TOTAL ALL MANAGEMENT PROGRAMS	<u>1,240</u>

Other Programs

Capital Fund Program  
Resident Opportunity and Supportive Services  
Business Activities:  
    Superior Street Housing Development Corp.  
    Non-Profit Training Company - Khatco, Inc.  
    Bond Refunding Construction Fund

**Basis of Presentation and Accounting** - In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies and Organization:** (continued)

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

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

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

**Net Investment in Capital Assets** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has debt for capital assets purchased through its Energy Performance Program.

**Restricted** - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

**Unrestricted** - Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

**Use of Enterprise Accounting** - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting, expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.



HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies and Organization:** (continued)

**Budgets** - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

**Cash and Cash Equivalents** - For financial statement purposes, cash and cash equivalents are considered to be cash in banks and highly liquid investments with original maturities of three months or less. HUD restricts the Authority's direct investments, investments through mutual funds and the underlying collateral of demand deposits to direct obligations, guaranteed obligations or obligations of the agencies of the United States of America.

**Tenant Receivables** - Receivables for rentals and tenant charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes action as necessary (at least annually) to write off specific uncollectible accounts receivable balances.

**Interprogram Receivables and Payables** - Interprogram receivables/payables are all current, and are the result of the use of the Low Income Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the financial statement presentation.

**Inventories** - Inventories (consisting of materials and supplies) are valued at cost, which approximated market value, using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

**Prepaid Items** - Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

**Restricted Assets** - Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted, as they are needed.

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies and Organization:** (continued)

**Capital Assets** - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. It is the policy of the Authority to capitalize assets costing \$500 or more. Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

Buildings & Improvements	15-40 years
Furniture, Equipment & Machinery	3-7 years

**Compensated Absences** - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place. Any portion of vacation time not taken by December 31 will be forfeited.

**Annual Contribution Contracts** - Annual Contribution Contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

**Risk Management** - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all property and equipment, employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage and required deductibles in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 1 - Summary of Significant Accounting Policies and Organization:** (continued)

**Leasing Activities (as Lessor)** - The Authority is the Lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause. Revenues associated with these leases are recorded in the financial statements and schedules as "Rental Income". Rental Income per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, such as local job availability, which impact personal income.

**NOTE 2 - Deposits, Cash and Cash Equivalents, and Investments:**

**1. HUD Deposit Restrictions**

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

**2. Risk Disclosures**

**A. Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed ten years at time of purchase. At December 31, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have callable maturities of less than ten years.

**B. Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

**C. Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 2 - Deposits, Cash and Cash Equivalents, and Investments:** (continued)

The carrying amounts of the Authority's cash deposits were \$1,328,355 at December 31, 2014. Bank balances before reconciling items were \$1,661,567, the total amount of which are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash includes tenant security deposits and family self-sufficiency escrow deposits.

Cash and Deposits at December 31, 2014, consist of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash/Checking accounts	\$ 1,191,441	\$ 1,489,508
Money Market/Savings/CDs	<u>136,914</u>	<u>172,059</u>
Total cash and deposits	<u>\$ 1,328,355</u>	<u>\$ 1,661,567</u>

**NOTE 3 - Accounts Receivable:**

Accounts receivables at December 31, 2014 consist of the following:

HUD	\$ 46,407
Notes Receivable, Net of Allowance of \$3,425	4,417
HCV Fraud Recovery Receivable	
Net of Allowance for Doubtful Accounts of \$34,803	0
Tenant Receivables	
Net of Allowance for Doubtful Accounts of \$16,146	9,513
Insurance Proceeds Receivable	<u>67,792</u>
Total Accounts Receivable	<u>\$128,129</u>

**NOTE 4 - Prepaid Expenses:**

Prepaid expenses at December 31, 2014 consist of the following:

Prepaid Insurance	\$ 45,829
Prepaid Loan	<u>9,000</u>
Total Prepaid Expenses	<u>\$ 54,829</u>

**NOTE 5 - Inventory:**

Inventory at December 31, 2014 consists of the following:

Inventory, net of allowance of \$6,908	<u>\$ 47,668</u>
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**NOTE 6 - Mortgages:**

Mortgages receivable at December 31, 2014 consist of the following:

Silent Second Homeownership Mortgages	
Net of Allowance of \$13,275	<u>\$ 0</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 7 - Capital Assets:**

A summary in changes in capital assets is as follows:

	Beginning Balance <u>12/31/13</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>12/31/14</u>
Capital assets, not being depreciated:				
Land	\$ 1,123,125	\$ 0	\$ 0	\$ 1,123,125
Construction in Progress	<u>261,000</u>	<u>235,549</u>	<u>( 67,536)</u>	<u>429,013</u>
Total Capital Assets, not being depreciated	<u>1,384,125</u>	<u>235,549</u>	<u>( 67,536)</u>	<u>1,552,138</u>
Capital Assets, being depreciated:				
Buildings and Improvements	29,112,001	1,262,378	0	30,374,379
Furniture, equipment & Machinery	<u>2,055,791</u>	<u>40,827</u>	<u>(107,130)</u>	<u>1,989,488</u>
Total Capital Assets, being depreciated	<u>31,167,792</u>	<u>1,303,205</u>	<u>(107,130)</u>	<u>32,363,867</u>
Less Accumulated Depreciation for:				
Buildings	(15,170,706)	( 947,766)	0	(16,118,472)
Furniture, equipment & Machinery	<u>( 1,238,760)</u>	<u>( 179,731)</u>	<u>63,920</u>	<u>( 1,354,571)</u>
Total Depreciation	<u>(16,409,466)</u>	<u>(1,127,497)</u>	<u>63,920</u>	<u>(17,473,043)</u>
Total Capital Assets, being depreciated, net	<u>14,758,326</u>	<u>175,708</u>	<u>(43,210)</u>	<u>14,890,824</u>
Capital Assets, Net	<u>\$16,142,451</u>	<u>\$ 411,257</u>	<u>\$ (110,746)</u>	<u>\$16,442,962</u>

Depreciation expense for the year was: \$1,127,497

The following is a schedule of significant capital construction projects of the Authority with remaining commitment amounts as of December 31, 2014

2012 CFP	CCT	Asphalt Paving	\$ 5,040
2013 CFP	TT	Install Patio Doors	34,500
2013 CFP	TT	Shower Surrounds/Bathtubs	3,400
2013 CFP	1924 Madison Ct	Roofing/Guttering	11,667
2014 CFP	CCT	2 Water source Heat Pumps	2,000
2014 CFP	Garden Square	Replace 54 Boiler Tubes	<u>7,250</u>
Total Open Contracts			<u>\$ 63,857</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

(Continued)

**NOTE 8 - Accounts Payable:**

Accounts payable at December 31, 2014 consist of the following:

Vendors' Accounts Payable	\$ 84,641
Tenant Security Deposits	82,512
Accrued Wages/Payroll Taxes Payable	<u>1,438</u>
 TOTAL	 <u>\$ 168,591</u>

**NOTE 9 - Unearned Revenue:**

Unearned Revenue at December 31, 2014 consists of the following:

Tenant prepaid rents	<u>\$ 15,563</u>
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**NOTE 10 - Noncurrent Liabilities:**

During 2013, the Authority entered into an Energy Performance Contract (EPC) with Johnson Controls, Inc. to install energy conservation measures. The Authority entered into one year construction loan during 2013 which, in 2014, converted into a twenty year \$3,370,392 loan agreement at a 4.55% interest rate with First Farmers Bank & Trust to fund the measures with payments to begin in 2014. HUD has agreed to fund the loan payments by freezing the utility subsidy at pre-EPC rates. The amount under Loan Payable-EPC below totals the balance of the loan agreement which is \$3,314,849 at December 31, 2014.

Also during 2013, Superior Street Housing Development Corporation entered into a contract with Monroe Construction to develop a three-bedroom four unit townhouse and entered into a one year construction loan which converted to a thirty year \$450,000 loan agreement at a 4.75% interest rate with Community First Bank to fund the development. The loan payments will be funded by rents received from the units. Interest and principal payments are made monthly, and on December 31, 2013, no loan liability existed. The amount under Loan Payable-Construction of \$446,641 is the balance of the loan at December 31, 2014.

Beginning in 2012, the Authority began to accrue wages to pay for unused sick leave. The Authority will allow employees who voluntarily resign to cash out (subject to all usual withholdings) a maximum of thirty (30) days of accrued but unused sick leave if they meet all the required conditions.

Noncurrent liabilities at December 31, 2014, consist of the following:

	<u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/14</u>
Family Self-Sufficiency				
Escrow Deposits	\$ 77,532	\$ 55,236	\$ 65,670	\$ 67,098
Loan Payable-EPC	2,766,036	604,356	55,543	3,314,849
Loan Payable-Construction	0	450,000	3,359	446,641
Accrued Compensated Wages	<u>24,828</u>	<u>4,182</u>	<u>2,683</u>	<u>26,325</u>
 Total Noncurrent Liabilities	 <u>\$2,868,396</u>	 <u>\$1,113,774</u>	 <u>\$127,255</u>	 <u>\$3,854,913</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

NOTE 10 - Noncurrent Liabilities: (continued)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 60,129	\$ 122,027	\$ 182,156
2016	121,792	170,663	292,455
2017	127,959	164,496	292,455
2018	133,950	158,505	292,455
2019	140,222	152,233	292,455
2020-2024	805,161	657,113	1,462,274
2025-2029	1,012,717	449,557	1,462,274
2030-2034	1,141,176	189,078	1,330,254
2035-2039	100,933	41,147	142,080
2040-2044	117,451	13,796	131,247
Total	<u>\$3,761,490</u>	<u>\$2,118,615</u>	<u>\$5,880,105</u>

NOTE 11 - Federal Operating Grants:

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Low Rent Public Housing	\$ 2,031,057
Housing Choice Vouchers	2,964,886
Capital Fund Grants	<u>528,673</u>
TOTAL	<u>\$ 5,524,616</u>

NOTE 12 - Capital Contributions:

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended December 31, 2014, were \$235,549.

Capital Fund	<u>\$ 235,549</u>
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NOTE 13 - Contingencies:

Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. All amounts receivable from HUD as of December 31, 2014, have been received by the Authority.

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the authority in the current and prior years. There were no examinations during the year ended December 31, 2014. Areas of noncompliance, if any, as a result of examinations would be reported in the "Schedule of Findings and Questioned Costs" section of this report.

There were certain major construction projects in progress at December 31, 2014. These include modernizing the inside and outside of rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

(Continued)

**Note 13 - Contingencies:** (continued)

the cost is incurred. At December 31, 2014, the Authority had not yet spent a total of 581,017 available from the Capital Fund Program grants.

**Note 14 - Defined Contribution Plan:**

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. The name of the plan is the Employees Money Purchase Plan. The entity that administers the plan is Fortis Benefits Insurance. The Authority's Board of Commissioners is authorized to establish and amend the plan benefits.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contribution and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the Authority's personnel policy, all full-time employees of the Authority must participate in the pension plan beginning 6 months from the date they are hired. As determined by the plan provisions, the Authority's contributions are an amount equal to 9.0% of the employee's base salary each month. Contributions made by the Authority vest after five years of full time employment. An Employee who leaves the employment of the Authority is entitled to the Authority's contributions to the extent vested and the earnings on these amounts. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current-period contribution requirement. During the year ended December 31, 2014, the Authority's required and actual contributions were \$116,527.

No pension plan provision changes occurred during the year that affected the required contributions to be made by the Authority. The Kokomo Housing Authority Employees Money Purchase Plan held no securities of the Authority or other related parties during the year or as of the close of the fiscal year ended December 31, 2014.

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**NOTE 15 - Litigation:**

The Authority has pending litigation comprised of a civil suit based on a Civil Rights, Title VII, ADA and FHA complaint. The Authority's liability insurance carrier is providing counsel and defense. The defense counsel has filed a Motion for Partial Dismissal. The plaintiffs have not made a formal demand; therefore, damages are unknown.

Claimants have threatened litigation comprised of a tort claim notice filed for personal injury. The Authority does not appear to have any exposure based on the fact that the Claimants were not residents or the Authority and/or the property in which they resided was not owned, operated or managed by the Authority.



HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

**NOTE 15 - Litigation:** (continued)

The Authority's attorney expressed his professional opinion that the foregoing matters do not present the potential for impairment of assets and that a loss cannot be reasonably estimated or realized based on the availability of sufficient insurance coverage.

**NOTE 16 - Conduit Type Debt:**

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Housing Authority. Additionally, HUD no longer provides debt service information to the Authority.

**NOTE 17 - Economic Dependency:**

The Authority receives approximately 86% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2014

	Annual Contributions Contracts			
	C-941	C-2034	C-941	C-941
		Section 8	Resident	Central
		Housing Choice	Opportunity	Office
	Low Income	Voucher	& Supportive	Cost
	Public Housing	Program	Services	Center
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 213,926	\$ 92,266	\$ 0	\$ 645,706
Accounts receivable, net	128,129	0	0	0
Interprogram	0	0	0	46,407
Prepaid expenses	34,924	5,832	0	12,724
Inventory, net	0	0	0	47,668
<b>Total Current Assets</b>	<b>376,979</b>	<b>98,098</b>	<b>0</b>	<b>752,505</b>
<b><u>Noncurrent Assets</u></b>				
<b>Restricted assets</b>				
Restricted Cash and Investments	274,963	77,400	0	17,118
<b>Notes and Mortgages receivable, net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital assets</b>				
Land and other nondepreciable assets	1,428,693	0	0	123,445
Depreciable capital assets, net	13,752,564	0	0	406,374
<b>Total Capital Assets</b>	<b>15,181,257</b>	<b>0</b>	<b>0</b>	<b>529,819</b>
<b>Total Noncurrent Assets</b>	<b>15,456,220</b>	<b>77,400</b>	<b>0</b>	<b>546,937</b>
<b>TOTAL ASSETS</b>	<b>15,833,199</b>	<b>175,498</b>	<b>0</b>	<b>1,299,442</b>
<b><u>LIABILITIES</u></b>				
<b><u>Current liabilities</u></b>				
Accounts payable	161,164	2,868	0	2,334
Current portion of long term debt	53,123	0	0	0
Interprogram	46,407	0	0	0
Unearned revenue	14,051	0	0	0
<b>Total current liabilities</b>	<b>274,745</b>	<b>2,868</b>	<b>0</b>	<b>2,334</b>
<b><u>Noncurrent liabilities</u></b>				
Other noncurrent liabilities	17,869	60,770	0	14,784
Long term debt	3,261,726	0	0	0
<b>Total Noncurrent liabilities</b>	<b>3,279,595</b>	<b>60,770</b>	<b>0</b>	<b>14,784</b>
<b>TOTAL LIABILITIES</b>	<b>3,554,340</b>	<b>63,638</b>	<b>0</b>	<b>17,118</b>
<b><u>NET POSITION</u></b>				
Unrestricted	330,572	98,098	0	752,505
Restricted	81,879	13,762	0	0
Net investment in capital assets	11,866,408	0	0	529,819
<b>TOTAL NET POSITION</b>	<b>\$ 12,278,859</b>	<b>\$ 111,860</b>	<b>\$ 0</b>	<b>\$ 1,282,324</b>

<u>C-941</u>			
<u>Capital</u>			
<u>Fund</u>	<u>Business</u>	<u>Interfund</u>	
<u>Program</u>	<u>Activities</u>	<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 4,736	\$ 0	\$ 956,634
0	0	0	128,129
0	0	(46,407)	0
0	1,349	0	54,829
0	0	0	47,668
<u>0</u>	<u>6,085</u>	<u>(46,407)</u>	<u>1,233,667</u>
0	2,240	0	371,721
0	0	0	0
0	0	0	1,552,138
0	731,886	0	14,890,824
<u>0</u>	<u>731,886</u>	<u>0</u>	<u>16,442,962</u>
<u>0</u>	<u>734,126</u>	<u>0</u>	<u>16,814,683</u>
<u>0</u>	<u>740,211</u>	<u>(46,407)</u>	<u>18,001,943</u>
0	2,225	0	168,591
0	7,006	0	60,129
0	0	(46,407)	0
0	1,512	0	15,563
<u>0</u>	<u>10,743</u>	<u>(46,407)</u>	<u>244,283</u>
0	0	0	93,423
0	439,635	0	3,701,361
<u>0</u>	<u>439,635</u>	<u>0</u>	<u>3,794,784</u>
<u>0</u>	<u>450,378</u>	<u>(46,407)</u>	<u>4,039,067</u>
0	2,500	0	1,183,675
0	2,088	0	97,729
0	285,245	0	12,681,472
<u>\$ 0</u>	<u>\$ 289,833</u>	<u>\$ 0</u>	<u>\$ 13,962,876</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Annual Cc	
	C-941	C-2034
	Low Income Public Housing	Section 8 Housing Choice Voucher Program
<b><u>OPERATING REVENUES</u></b>		
Rental income	\$ 924,203	\$ 0
Other income	19,204	68,381
<b>TOTAL OPERATING REVENUE</b>	<b>943,407</b>	<b>68,381</b>
<b><u>OPERATING EXPENSES</u></b>		
Administrative	1,020,555	280,765
Tenant services	166,003	19,360
Utilities	760,976	17,781
Ordinary maintenance and operation	1,457,690	11,764
Protective services	29,908	385
General expense	186,742	9,898
Housing assistance payments	0	2,823,896
Depreciation expense	1,077,717	0
<b>TOTAL OPERATING EXPENSES</b>	<b>4,699,591</b>	<b>3,163,849</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,756,184)</b>	<b>(3,095,468)</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
Federal operating grants	2,031,057	2,964,886
Gain on sale of capital assets	(42,579)	0
Interest income	759	357
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,989,237</b>	<b>2,965,243</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES</b>	<b>(1,766,947)</b>	<b>(130,225)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>0</b>	<b>0</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(1,766,947)</b>	<b>(130,225)</b>
NET POSITION - BEGINNING OF YEAR, as originally stated	13,281,584	242,085
Equity transfers	764,222	0
NET POSITION - BEGINNING OF YEAR, as restated	14,045,806	242,085
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,278,859</b>	<b>\$ 111,860</b>

Contributions Contracts

C-941 Resident Opportunity & Supportive Services	C-941 Central Office Cost Center	C-941 Capital Fund Programs	Business Activities	Elimination	Total
\$ 0	\$ 0	\$ 0	\$ 2,444	\$ 0	\$ 926,647
0	688,916	0	0	(673,265)	103,236
<u>0</u>	<u>688,916</u>	<u>0</u>	<u>2,444</u>	<u>(673,265)</u>	<u>1,029,883</u>
0	590,547	0	587	(673,265)	1,219,189
0	63	0	0	0	185,426
0	6,836	0	3,321	0	788,914
0	44,219	0	2,885	0	1,516,558
0	1,865	0	0	0	32,158
0	27,911	0	13,569	0	238,120
0	0	0	0	0	2,823,896
0	30,310	0	19,470	0	1,127,497
<u>0</u>	<u>701,751</u>	<u>0</u>	<u>39,832</u>	<u>(673,265)</u>	<u>7,931,758</u>
0	(12,835)	0	(37,388)	0	(6,901,875)
0	0	528,673	0	0	5,524,616
0	(630)	0	0	0	(43,209)
0	398	0	157	0	1,671
<u>0</u>	<u>(232)</u>	<u>528,673</u>	<u>157</u>	<u>0</u>	<u>5,483,078</u>
0	(13,067)	528,673	(37,231)	0	(1,418,797)
0	0	235,549	0	0	235,549
0	(13,067)	764,222	(37,231)	0	(1,183,248)
0	1,332,025	0	290,430	0	15,146,124
0	(36,634)	(764,222)	36,634	0	0
0	1,295,391	(764,222)	327,064	0	15,146,124
<u>\$ 0</u>	<u>\$ 1,282,324</u>	<u>\$ 0</u>	<u>\$ 289,833</u>	<u>\$ 0</u>	<u>\$ 13,962,876</u>

## Kokomo Housing Authority (IN007)

KOKOMO, IN

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$213,926	\$92,266	\$4,736	\$645,706	\$956,634		\$956,634
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$106,572	\$74,532		\$14,784	\$195,888		\$195,888
114 Cash - Tenant Security Deposits	\$80,512		\$2,000		\$82,512		\$82,512
115 Cash - Restricted for Payment of Current Liabilities	\$87,879	\$2,868	\$240	\$2,334	\$93,321		\$93,321
100 Total Cash	\$488,889	\$169,666	\$6,976	\$662,824	\$1,328,355	\$0	\$1,328,355
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$46,407				\$46,407		\$46,407
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous	\$67,792				\$67,792		\$67,792
126 Accounts Receivable - Tenants	\$23,808				\$23,808		\$23,808
126.1 Allowance for Doubtful Accounts - Tenants	-\$15,105				-\$15,105		-\$15,105
126.2 Allowance for Doubtful Accounts - Other	-\$16,700				-\$16,700		-\$16,700
127 Notes, Loans, & Mortgages Receivable - Current	\$7,842				\$7,842		\$7,842
128 Fraud Recovery	\$1,851	\$34,803			\$36,654		\$36,654
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,041	-\$34,803			-\$35,844		-\$35,844
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$114,854	\$0	\$0	\$0	\$114,854	\$0	\$114,854
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$34,924	\$5,832	\$1,349	\$12,724	\$54,829		\$54,829
143 Inventories				\$54,576	\$54,576		\$54,576
143.1 Allowance for Obsolete Inventories				-\$6,908	-\$6,908		-\$6,908
144 Inter Program Due From				\$46,407	\$46,407	-\$46,407	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$638,667	\$175,498	\$8,325	\$769,623	\$1,592,113	-\$46,407	\$1,545,706
161 Land	\$999,680			\$123,445	\$1,123,125		\$1,123,125
162 Buildings	\$28,711,000		\$745,529	\$917,850	\$30,374,379		\$30,374,379
163 Furniture, Equipment & Machinery - Dwellings	\$1,024,141		\$5,827		\$1,029,968		\$1,029,968
164 Furniture, Equipment & Machinery - Administration	\$645,333	\$5,159		\$309,028	\$959,520		\$959,520
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$16,627,910	-\$5,159	-\$19,470	-\$820,504	-\$17,473,043		-\$17,473,043
167 Construction in Progress	\$429,013				\$429,013		\$429,013
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$15,181,257	\$0	\$731,886	\$529,819	\$16,442,962	\$0	\$16,442,962
171 Notes, Loans and Mortgages Receivable - Non-Current	\$13,275				\$13,275		\$13,275
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$15,194,532	\$0	\$731,886	\$529,819	\$16,456,237	\$0	\$16,456,237
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	\$15,833,199	\$175,498	\$740,211	\$1,299,442	\$18,048,350	-\$46,407	\$18,001,943
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$56,807	\$2,868	\$225	\$896	\$60,796		\$60,796
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable				\$1,438	\$1,438		\$1,438
322 Accrued Compensated Absences - Current Portion							
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects	\$6,824				\$6,824		\$6,824
333 Accounts Payable - Other Government	\$17,021				\$17,021		\$17,021
341 Tenant Security Deposits	\$80,512		\$2,000		\$82,512		\$82,512
342 Unearned Revenue	\$14,051		\$1,512		\$15,563		\$15,563
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$53,123		\$7,006		\$60,129		\$60,129
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other							
347 Inter Program - Due To	\$46,407				\$46,407	-\$46,407	\$0
348 Loan Liability - Current			\$0		\$0		\$0
310 Total Current Liabilities	\$274,745	\$2,868	\$10,743	\$2,334	\$290,690	-\$46,407	\$244,283

351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,261,726		\$439,635		\$3,701,361		\$3,701,361
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other	\$12,756	\$54,342			\$67,098		\$67,098
354 Accrued Compensated Absences - Non Current	\$5,113	\$6,428		\$14,784	\$26,325		\$26,325
355 Loan Liability - Non Current			\$0		\$0		\$0
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	\$3,279,595	\$60,770	\$439,635	\$14,784	\$3,794,784	\$0	\$3,794,784
300 Total Liabilities	\$3,554,340	\$63,638	\$450,378	\$17,118	\$4,085,474	-\$46,407	\$4,039,067
400 Deferred Inflow of Resources							
508.4 Net Investment in Capital Assets	\$11,866,408	\$0	\$285,245	\$529,819	\$12,681,472		\$12,681,472
511.4 Restricted Net Position	\$81,879	\$13,762	\$2,088	\$0	\$97,729		\$97,729
512.4 Unrestricted Net Position	\$330,572	\$98,098	\$2,500	\$752,505	\$1,183,675		\$1,183,675
513 Total Equity - Net Assets / Position	\$12,278,859	\$111,860	\$289,833	\$1,282,324	\$13,962,876	\$0	\$13,962,876
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,833,199	\$175,498	\$740,211	\$1,299,442	\$18,048,350	-\$46,407	\$18,001,943



Kokomo Housing Authority (IN007)  
KOKOMO, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$865,500		\$2,044		\$867,544		\$867,544
70400 Tenant Revenue - Other	\$58,703		\$400		\$59,103		\$59,103
70500 Total Tenant Revenue	\$924,203	\$0	\$2,444	\$0	\$926,647	\$0	\$926,647
70600 HUD PHA Operating Grants	\$2,559,730	\$2,964,886			\$5,524,616		\$5,524,616
70610 Capital Grants	\$235,549				\$235,549		\$235,549
70710 Management Fee				\$456,690	\$456,690	-\$456,690	\$0
70720 Asset Management Fee				\$66,000	\$66,000	-\$66,000	\$0
70730 Book Keeping Fee				\$103,769	\$103,769	-\$103,769	\$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				\$626,459	\$626,459	-\$626,459	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$195	\$357	\$157	\$398	\$1,107		\$1,107
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$21,476			\$21,476		\$21,476
71500 Other Revenue	\$19,204	\$46,905		\$62,457	\$128,566	-\$46,806	\$81,760
71600 Gain or Loss on Sale of Capital Assets	-\$42,579			-\$630	-\$43,209		-\$43,209
72000 Investment Income - Restricted	\$564				\$564		\$564
70000 Total Revenue	\$3,696,866	\$3,033,624	\$2,601	\$688,684	\$7,421,775	-\$673,265	\$6,748,510
91100 Administrative Salaries	\$267,281	\$133,214		\$422,567	\$823,062		\$823,062
91200 Auditing Fees	\$6,650	\$2,766			\$9,416		\$9,416
91300 Management Fee	\$426,690	\$30,000			\$456,690	-\$456,690	\$0
91310 Book-keeping Fee	\$46,837	\$56,932			\$103,769	-\$103,769	\$0
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$109,237	\$32,810		\$132,318	\$274,365		\$274,365
91600 Office Expenses	\$84,716	\$18,541	\$46	\$24,441	\$127,744	-\$46,806	\$80,938
91700 Legal Expense	-\$1,572			\$2,750	\$1,178		\$1,178
91800 Travel							
91810 Allocated Overhead							
91900 Other	\$14,716	\$6,502	\$541	\$8,471	\$30,230		\$30,230
91000 Total Operating - Administrative	\$954,555	\$280,765	\$587	\$590,547	\$1,826,454	-\$607,265	\$1,219,189
92000 Asset Management Fee	\$66,000				\$66,000	-\$66,000	\$0
92100 Tenant Services - Salaries	\$117,315	\$16,542			\$133,857		\$133,857
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	\$35,594	\$2,818			\$38,412		\$38,412
92400 Tenant Services - Other	\$13,094			\$63	\$13,157		\$13,157
92500 Total Tenant Services	\$166,003	\$19,360	\$0	\$63	\$185,426	\$0	\$185,426
93100 Water	\$72,451	\$268	\$469	\$639	\$73,828		\$73,828
93200 Electricity	\$280,258	\$12,321	\$2,538	\$3,061	\$298,178		\$298,178
93300 Gas	\$148,752	\$5,010		\$2,423	\$156,185		\$156,185
93400 Fuel							
93500 Labor							
93600 Sewer	\$99,608	\$181	\$314	\$713	\$100,816		\$100,816
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense	\$159,907				\$159,907		\$159,907
93000 Total Utilities	\$760,976	\$17,781	\$3,321	\$6,836	\$788,914	\$0	\$788,914
94100 Ordinary Maintenance and Operations - Labor	\$466,124	\$334		\$2,504	\$468,962		\$468,962
94200 Ordinary Maintenance and Operations - Materials and Other	\$283,220	\$3,293	\$2,885	\$16,558	\$305,956		\$305,956
94300 Ordinary Maintenance and Operations Contracts	\$524,401	\$8,108		\$19,387	\$551,896		\$551,896
94500 Employee Benefit Contributions - Ordinary Maintenance	\$180,131	\$29		\$666	\$180,826		\$180,826
94000 Total Maintenance	\$1,453,876	\$11,764	\$2,885	\$39,115	\$1,507,640	\$0	\$1,507,640
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs	\$29,908	\$385		\$1,865	\$32,158		\$32,158
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$29,908	\$385	\$0	\$1,865	\$32,158	\$0	\$32,158
96110 Property Insurance	\$83,322	\$1,884	\$1,475	\$1,701	\$88,382		\$88,382
96120 Liability Insurance	\$20,161	\$2,895	\$529	\$6,292	\$29,877		\$29,877
96130 Workmen's Compensation	\$22,775	\$4,339		\$9,038	\$36,152		\$36,152
96140 All Other Insurance	\$9,642	\$630		\$3,148	\$13,420		\$13,420
96100 Total Insurance Premiums	\$135,899	\$9,748	\$2,004	\$10,526	\$157,177		\$157,177

96200 Other General Expenses	\$8,637	\$150		\$3,550	\$12,337		\$12,337
96210 Compensated Absences	-\$2,684			\$4,182	\$1,498		\$1,498
96300 Payments in Lieu of Taxes	\$17,021				\$17,021		\$17,021
96400 Bad debt - Tenant Rents	\$27,868				\$27,868		\$27,868
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$50,842	\$150	\$0	\$7,732	\$58,724	\$0	\$58,724
96710 Interest of Mortgage (or Bonds) Payable			\$11,565		\$11,565		\$11,565
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$11,565	\$0	\$11,565	\$0	\$11,565
96900 Total Operating Expenses	\$3,618,060	\$339,953	\$20,362	\$666,337	\$4,644,712	-\$673,265	\$3,971,447
97000 Excess of Operating Revenue over Operating Expenses	\$78,806	\$2,693,671	-\$17,761	\$22,347	\$2,777,063	\$0	\$2,777,063
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized	\$3,814			\$5,104	\$8,918		\$8,918
97300 Housing Assistance Payments		\$2,823,896			\$2,823,896		\$2,823,896
97350 HAP Portability-In							
97400 Depreciation Expense	\$1,077,717		\$19,470	\$30,310	\$1,127,497		\$1,127,497
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$4,699,591	\$3,163,849	\$39,832	\$701,751	\$8,605,023	-\$673,265	\$7,931,758
10010 Operating Transfer In	\$153,333				\$153,333		\$153,333
10020 Operating transfer Out	-\$153,333				-\$153,333		-\$153,333
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	\$28,483				\$28,483		\$28,483
10092 Inter Project Excess Cash Transfer Out	-\$28,483				-\$28,483		-\$28,483
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,002,725	-\$130,225	-\$37,231	-\$13,067	-\$1,183,248	\$0	-\$1,183,248
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$13,281,584	\$242,085	\$290,430	\$1,332,025	\$15,146,124		\$15,146,124
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$36,634	-\$36,634	\$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		\$98,098			\$98,098		\$98,098
11180 Housing Assistance Payments Equity		\$13,762			\$13,762		\$13,762
11190 Unit Months Available	6467	8268	5	0	14740		14740
11210 Number of Unit Months Leased	6245	7591	5	0	13841		13841
11270 Excess Cash	-\$47,800				-\$47,800		-\$47,800
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$695,932			\$0	\$695,932		\$695,932
11630 Furniture & Equipment - Dwelling Purchases	\$14,251			\$0	\$14,251		\$14,251
11640 Furniture & Equipment - Administrative Purchases	\$77,215			\$0	\$77,215		\$77,215
11650 Leasehold Improvements Purchases	\$0			\$0	\$0		\$0
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
	<u>U. S. DEPARTMENT OF HUD</u>			
C-941	Low Income Public Housing	14.850	\$ 2,031,057	\$ 2,031,057
C-2034	Section 8 Housing Choice Voucher	14.871	2,964,886	2,964,886
C-941	Capital Fund Program	14.872	<u>2,592,630</u>	<u>764,222</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><b>\$ 7,588,573</b></u>	<u><b>\$ 5,760,165</b></u>

Notes to Schedule of Expenditures of Federal Awards:

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue, gains and losses on the disposal of capital assets and interest expense in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

## OTHER REPORTS

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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*

## Independent Auditor's Report

Board of Commissioners  
Housing Authority of the City of Kokomo  
P.O.Box 1207  
Kokomo, Indiana 46903-1207

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Kokomo, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Kokomo's basic financial statements and have issued my report thereon dated June 25, 2015.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

A handwritten signature in black ink that reads "Golda Roberts". The script is cursive and fluid.

Certified Public Accountant

Fredericksburg, Indiana  
June 25, 2015

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Kokomo  
P.O. Box 1207  
Kokomo, Indiana 46903-1207

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

I have audited the Housing Authority of the City of Kokomo'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 Kokomo's major federal programs for the year ended December 31, 2014. The Housing Authority of the City of Kokomo'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, contract, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Kokomo's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with the 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Kokomo's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

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

In my opinion, the Housing Authority of the City of Kokomo, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority of the City of Kokomo is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Kokomo'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 audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on



internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Kokomo's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Goldie Roberts".

Certified Public Accountant

Fredericksburg, Indiana  
June 25, 2015

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

DECEMBER 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

~ Material weakness(es) identified?       yes   X  no

~ Significant deficiency identified that are not considered to be material weaknesses?       yes   x  none reported

Noncompliance material to financial statements noted?       yes   X  no

FEDERAL AWARDS

Internal control over major programs:

~ Material weakness(es) identified?       yes   X  no

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?       yes   X  no

Identification of major programs:

CFDA Number

14.871

Name of Federal Program

Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X  yes       no

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings.

HOUSING AUTHORITY OF THE CITY OF KOKOMO  
Kokomo, Indiana

DECEMBER 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.