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August 22, 2016

Board of Commissioners
Michigan City Housing Authority
621 E. Michigan Blvd.
Michigan City, IN 46360

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period October 1, 2014 to September 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Michigan City Housing Authority, as of September 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

Finding 2015-001 is categorized as a material weakness and significant deficiency in internal control of federal awards and an immaterial instance of noncompliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the major federal program identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. It is referenced in the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 included in the audit report.

The audit 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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

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

TWELVE MONTHS ENDED SEPTEMBER 30, 2015

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

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Independent Auditor's Report

Board of Directors
Michigan City Housing Authority
Michigan City, Indiana

I have audited the accompanying financial statements of the Michigan City Housing Authority, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Michigan City Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 of 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 Michigan City Housing 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 Michigan City Housing 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 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 net position of the Michigan City Housing Authority, as of September 30, 2015 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on 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 basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Michigan City Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 41 to 45, Certification of Actual Modernization Costs on pages 31 to 32 and the Certification of the Fund Federal Financial Report on page 33 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2016 on my consideration of the Michigan City Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.



Certified Public Accountant

Decatur, Illinois
March 4, 2016

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

The Housing Authority of the City of Michigan City, Indiana (“the Authority”) Management’s Discussion and Analysis Report is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (it’s ability to address the next and subsequent year challenges) and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis will be presented at the beginning of the basic financial statement each year.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, it should be read in conjunction with the Authority’s basic financial statements.

FINANCIAL HIGHLIGHTS

- ❖ The Authority’s net position reflect only a slight change in 2015. Since the Authority engages only in business-type activities, the decrease is all the categories of business-type net position. Net Position was \$5.7 million and \$5.7 million for 2014 and 2015 respectively.
- ❖ Business-type activities revenue for 2015 was \$3,478,370.
- ❖ The total expenses of all Authority programs decreased by \$285,432 (or 7.58%). Total expenses were \$3.8 million and \$3.5 million for 2014 and 2015 respectively.
- ❖ The Authority had \$818,634 in Tenant Revenue, \$2,270,876 in HUD PHA Operating Grants and \$176,171 of HUD Capital Grants for the year ended September 30, 2015.
- ❖ Authority investments decreased by \$4,471 (or 48.9%) during the year. Total investment income on September 30, 2015 was \$1,705.

FINANCIAL CONTACT

Questions concerning any of the information provided in this report or requests for additional information should be addresses to the Authority’s Executive Director:

Executive Director
The Housing Authority of the City
Of Michigan City, Indiana
621 East Michigan Boulevard
Michigan City, Indian 46360
(219) 872-7287 fax: (219) 873-7700

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

USING THIS ANNUAL REPORT

The following is provided to outline the contents of the Authority's Management Discussion and Analysis Report. This report precedes and is required supplementary information to the Authority's basic financial statements for the annual period ending September 30, 2015.

❖ **Financial Statement Overview**

- Authority-Wide Financial Statements
- Fund Financial Statements
- The Authority's Fund

❖ **Authority-wide Statements**

- Table 1 – Statement of Net Position and Statement Analysis
- Table 2 – Changes in Unrestricted Net Position and Analysis
- Table 3- Statement of Revenues, Expenses and Changes in Fund Net Position and Analysis Change
- Table 4-Capital Assets at Year End
- Table 5-Changes in Capital Assets
- Table 6-Outstanding Debt at Year End

❖ **Economic Factors Affecting the Authority**

❖ **Overview of Budgets**

❖ **MD&A Financial Contact**

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow reader to address relevant questions, broaden a basis for comparison (year to year, budget to actual) and enhance the Authority's accountability.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal “Net Position”, formerly as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Position (the “Unrestricted”) is designed to represent the net available liquid(non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of Net Position consists of restricted assets on which constraints are placed by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: Consists of Net Position that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, depreciation and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

Finally, a Statement of Cash Flow is included in the basic financial statements, which discloses net cash provided by or used for: operating activities, non-capital financing activities, and capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

The Authority's Funds

Business Type Funds

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant Funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Turnkey III Homeownership – Under Turnkey III Homeownership program, the Authority encourages self-sufficiency through homeownership. The housing units in this program are owned by the PHA. During the period of tenancy, the family made "mortgage" payments based on their income and maintained their own property. In Turnkey III, the PHA compensates the family by crediting certain amounts budgeted for maintenance to family equity accounts. A non-routine maintenance reserve is established for each unit. When the family's income and equity accounts increased to the point where it could obtain permanent financing for the unit or when the equity account equaled the unamortized debt and closing costs, ownership is passed to the family. Turnkey homes are amortized over a thirty year period

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Business Activities – Some rents of some residential units are subsidized by HUD under the Section 8 Housing Choice Voucher Program. All such assistance is "voucher based", i.e.; the subsidy is committed by HUD for the assisted participant contractually for a determined period. Business Activity provides rental housing in connection with the development of owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs.

Michigan City Housing Development, Inc. - was established by the Michigan City Housing Authority as a not-for-profit corporation, is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income pursuant to economic guidelines established by the United States Department of Housing and Urban Development. Educational services shall be provided prospective members of such identifiable groups for the purposes of teaching the principles of a home purchase and ownership to include asset management, home loan financing, income budgeting, home inspection and maintenance and such topics as deemed necessary to ensure initial and continued home ownership or home rental and such other lawful activity as granted by statute to a not-for-profit corporation.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET POSITION

	<u>2015</u>	<u>2014</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	1,294,630	1,221,991	72,639	6%
Other Current Assets	439,347	371,291	68,056	18%
Capital Assets	4,268,020	4,414,094	(146,074)	-3%
Noncurrent Assets	157,670	182,720	(25,050)	-14%
Total Assets	<u>6,159,667</u>	<u>6,190,096</u>	<u>(30,429)</u>	-1%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	<u>6,159,667</u>	<u>6,190,096</u>	<u>(30,429)</u>	-1%
Current Liabilities	214,497	222,084	(7,587)	-3%
Noncurrent Liabilities	248,294	271,062	(22,768)	-8%
Total Liabilities	<u>462,791</u>	<u>493,146</u>	<u>(30,355)</u>	-6%
Deferred Inflows of Resources	0	0	0	0%
Net Investment in Capital Assets	4,268,020	4,414,094	(146,074)	-3%
Restricted	24,113	34,583	(10,470)	-30%
Unrestricted	1,404,743	1,248,273	156,470	13%
Total Net Position	<u>5,696,876</u>	<u>5,696,950</u>	<u>(74)</u>	0%
TOTAL	<u>6,159,667</u>	<u>6,190,096</u>	<u>(30,429)</u>	-1%

Major Factors Affecting the Statement of Net Position

Current assets (primarily cash and accounts receivable) increased due to the availability of excess operating revenue.

Capital assets stayed consistent. The decrease is primarily attributable to the current year transfer of property, depreciation and amortization. For more detail see "Capital Assets and Debt Administration" following.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the grants revenues generated from these programs during Fiscal Year Ending 2015 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$ 995,327
Section 8 Vouchers	\$ 1,867,381
Capital Funds	\$ 276,171
Resident Opportunity and Supportive	\$ 42,301
Business Activities	\$ 169,497
State and Local	\$ 2,140
MCHDI	\$ 125,553

Statement of Change of Unrestricted Net Position

The following table presents details on the change in Unrestricted Net Position:

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position 09/30/14	\$ 1.3
Results of Operations	(0.2)
Adjustments:	
Depreciation (1)	.3
Adjusted Results from Operations	<u>0.1</u>
Unrestricted Net Position 09/30/15	<u>\$1.4</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position

While the results of operations are a significant measure of the Authority's activities, the analysis of the change in Unrestricted Net Position provides a clearer understanding of the Authority's financial stability.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

Statement of Revenues, Expenses and Changes in Net Position

The following compares the revenues and expenses for the current and previous year. The Authority is engaged only in Business-Type Activities.

TABLE 3

Factors Affecting the Change in Net Position

	2015	2014	Variance	Percentage Change
Total Tenant Revenue	818,634	856,885	-38,251	-4.46%
HUD Operating Grants	2,270,876	2,171,080	99,796	4.60%
HUD Capital Grants	176,171	109,716	66,455	60.57%
Other Grants	2,140	101,706	-99,566	0.00%
Investment income	1,705	1,657	48	2.90%
Fraud Recovery	5,494	7,876	-2,382	-30.24%
Other Revenue	220,519	285,531	-65,012	-22.77%
Gain (Loss) on Sale of Fixed Assets/Inventory	-17,169	-439,182	422,013	-96.09%
Total Revenue	3,478,370	3,095,269	383,101	12.38%
	2015	2014	Variance	Percentage Change
Administrative	457,125	496,816	-39,691	-7.99%
Tenant Services	52,205	53,416	-1,211	-2.27%
Utilities	350,706	360,659	-9,953	-2.76%
Maintenance	448,941	472,942	-24,001	-5.07%
Protective Services	32,406	31,688	718	2.27%
Insurance Premiums	90,735	80,296	10,439	13.00%
General Expense	24,902	28,879	-3,977	-13.77%
Extraordinary Maintenance	1,625	3,400	-1,775	-52.21%
Causality Losses-Noncapitalized	459	1,000	-541	-54.10%
Housing Assistance Payment	1,713,112	1,860,863	-147,751	-7.94%
Depreciation Expense	306,228	373,917	-67,689	-18.10%
Total Expense	3,478,444	3,763,876	-285,432	-7.58%

Tenant revenue decreased. This decrease was primarily due to the change in the property transfer, economic environment and a local plant relocation.

Total expenses decreased \$285,432. This decrease was primarily due to HAP payments and depreciation in fiscal year 2015.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

CAPITAL ASSETS AT YEAR END (NET OF DEPRECIATION)

As of year-end, the Authority had \$3.6 million invested in a variety of capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) from the prior year-end.

TABLE 4

	2015	2014	Variance	Percentage Change
Land and land rights	471,565	477,939	(6,374)	-1%
Building	17,468,733	17,351,720	117,013	1%
Equipment - Administrative	508,041	541,754	(33,713)	-6%
Equipment Dwelling	190,039	190,289	(250)	0%
Leasehold Improvements	955,624	955,624	0	0%
Construction in Progress	206,118	222,743	(16,625)	-7%
Total Fixed Assets	19,800,120	19,740,069	60,051	0%
Accumulated Depreciation	-15,532,100	-15,325,975	346,067	-2%
Net Fixed Assets	4,268,020	4,414,094	(146,074)	-3%

Change in Capital Assets

The following reconciliation summarizes the change in Capital Assets:

TABLE 5

CHANGE IN CAPITAL ASSETS:

	<u>Business-Type Activities</u>
Beginning Balance	\$ 4,414,094
Additions	180,148
Disposals	(19,994)
Adjustments:	
Depreciation	<u>(306,228)</u>
Total	<u>\$ 4,268,020</u>

This year's major additions from Business-Type Activities are:

Equipment Purchases	\$ 3,977
Betterments and Additions	\$ 176,171

Additional information on Capital Assets can be found in the "Notes to Financial Statements" of this report.

**HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING SEPTEMBER 30, 2015**

DEBT OUTSTANDING

As of year-end 2014 and 2015, the Authority had no debt (mortgages, notes, etc.) outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- ❖ The uncertainty in the level of Federal funding available from the Department of Housing and Urban Development
- ❖ Local labor supply and demand, which can affect salary and wage rates
- ❖ Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income and vacancy rates
- ❖ Inflationary pressure on utility rates, supplies and other costs

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2015**

ASSETS

Cash - operating		\$ 1,231,613
Cash - restricted		63,017
Accounts receivable, net		122,113
Notes receivable, current		22,525
Investments		4,667
Inventory, net		14,929
Prepaid expenses		275,113
Capital assets:		
Land, land improvements and construction in progress	\$ 677,683	
Other capital assets, net of depreciation	<u>3,590,337</u>	
Total Capital Assets		\$ 4,268,020
Noncurrent assets:		
Notes receivable		<u>\$ 157,670</u>
Total Assets		<u>\$ 6,159,667</u>

DEFERRED OUTFLOWS OF RESOURCES \$ 0

TOTAL \$ 6,159,667

LIABILITIES

Accounts payable		\$ 116,735
Other liabilities		65,800
Unearned revenues		9,437
Repayment agreement		22,525
Noncurrent liabilities:		
Earned compensated absences	79,527	
Trust and deposit liabilities	6,429	
FSS escrow	4,668	
Repayment agreement	<u>157,670</u>	
Total Liabilities		<u>\$ 462,791</u>

DEFERRED INFLOWS OF RESOURCES \$ 0

NET POSITION

Net investment in capital assets		\$ 4,268,020
Restricted		24,113
Unrestricted		<u>1,404,743</u>
Total Net Position		<u>\$ 5,696,876</u>
TOTAL		<u><u>\$ 6,159,667</u></u>

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Operating Income

Tenant rental revenue	\$ 784,941
Tenant revenue - other	<u>33,693</u>
Total Rental Income	\$ 818,634
HUD grants - operating	2,270,876
Other government grants	2,140
Fraud recovery	5,494
Other revenue	220,519
Gain or loss on sale of capital assets	<u>-17,169</u>
Total Operating Income	<u>\$ 3,300,494</u>

Operating Expenses

Administration	\$ 457,125
Tenant services	52,205
Utilities	350,706
Ordinary maintenance and operation	448,941
Protective services	32,406
General expense	115,637
Extraordinary maintenance	1,625
Housing assistance payments	1,713,112
Depreciation	<u>306,228</u>
Total Operating Expenses	<u>\$ 3,477,985</u>
Net Operating Income (Loss)	<u>\$ -177,491</u>

Nonoperating Income (Expense)

Casualty losses	\$ -459
Interest income	<u>1,705</u>
Total Nonoperating Income	<u>\$ 1,246</u>
Capital Contributions	\$ 176,171
Changes in net position	\$ -74
Net position, beginning of year	<u>5,696,950</u>
Net position, end of year	<u>\$ 5,696,876</u>

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Operating Activities

Operating grants	\$ 2,237,180
Rental revenue	811,755
Other revenue	208,844
Housing assistance payments	-1,713,112
Payments to employees	-456,494
Payments to suppliers and contractors	<u>-1,037,268</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,905</u>

Investing Activities

Investments (purchased) redeemed	\$ 4,471
Interest income	<u>1,705</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 6,176</u>

Capital and Related Financing Activities

HUD grants - capital	\$ 176,171
Casualty losses	-459
(Additions) deletions to fixed assets	<u>-160,154</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 15,558</u>

Net Change in Cash	\$ 72,639
Cash Balance at September 30, 2014	<u>1,221,991</u>
Cash Balance at September 30, 2015	<u><u>\$ 1,294,630</u></u>

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities

Net operating income (loss)	\$ -177,491
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	306,228
(Increase) decrease in accounts receivable	-1,331
(Increase) decrease in notes receivable	22,525
(Increase) decrease in prepaid expenses	-70,213
(Increase) decrease in inventories	1,542
Increase (decrease) in accounts payable	28,026
Increase (decrease) in other liabilities	3,223
Increase (decrease) in unearned revenues	-41,636
Increase (decrease) in FSS escrow	3
Increase (decrease) in trust and deposit liabilities	2,554
Increase (decrease) in repayment agreement	<u>-22,525</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,905</u>

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Michigan City and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Mayor, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Michigan City Housing Authority is a separate reporting entity. The Housing Authority has one component unit as described below.

Michigan City Housing Development, Inc.

The Michigan City Housing Development, Inc. (MCHDI) was established by the Michigan City Housing Authority as a not-for-profit corporation.

The general purpose of this corporation is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income pursuant to economic guidelines established by the United States Department of Housing and Urban Development. Educational services shall be provided prospective members of such identifiable groups for the purposes of teaching the principles of a home purchase and ownership to include asset management, home loan financing, income budgeting, home inspection and maintenance and such topics as deemed necessary to ensure initial and continued home ownership or home rental and such other lawful activity as granted by statute to a not-for-profit corporation pursuant to *Indiana Code § 23-17-4-1(a)*. Such corporation is organized exclusively for charitable and educational purposes and is governed by a separate Board of Directors comprised of two Michigan City Housing Authority board members and two independent members.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity - (Continued)

Michigan City Housing Development, Inc. (Continued)

MCHDI was previously governed by a seven member board of commissioners; four members of the board were independent and three members of the board also served as commissioners of MCHA. During 2015 the MCHDI board was comprised of five members, the majority (three) were members of MCHA. As a result, in the current year, Michigan City Housing Development Inc. is reported as a blended component of Michigan City Housing Authority. The beginning assets, liabilities and fund balances that have been combined as of January 1, 2015 are as follows:

Balances at 01/01/2015

	<u>Michigan City Housing Authority</u>	<u>Michigan City Housing Development, Inc.</u>	<u>Combined</u>
<u>ASSETS</u>			
Cash	\$ 780,835	\$ 441,156	\$ 1,221,991
Accounts receivable, net	120,671	111	120,782
Notes receivable	202,720	0	202,720
Investments	9,138	0	9,138
Inventory, net	16,368	103	16,471
Prepaid expenses	31,779	173,121	204,900
Capital assets, net	<u>3,556,153</u>	<u>857,941</u>	<u>4,414,094</u>
TOTAL	<u>\$ 4,717,664</u>	<u>\$ 1,472,432</u>	<u>\$ 6,190,096</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 63,797	\$ 24,912	\$ 88,709
Other liabilities	61,380	922	62,302
Repayment agreement	0	20,000	20,000
Unearned revenues	51,056	17	51,073
Noncurrent liabilities	<u>88,009</u>	<u>183,053</u>	<u>271,062</u>
Total Liabilities	<u>\$ 264,242</u>	<u>\$ 22,8904</u>	<u>\$ 493,146</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,556,153	\$ 857,941	\$ 4,414,094
Restricted	34,583	0	34,583
Unrestricted	<u>862,686</u>	<u>385,587</u>	<u>1,248,273</u>
Total Net Position	<u>\$ 4,453,422</u>	<u>\$ 1,243,528</u>	<u>\$ 5,696,950</u>
TOTAL	<u>\$ 4,717,664</u>	<u>\$ 1,472,432</u>	<u>\$ 6,190,096</u>

Separate financial statements for the current year maybe obtained by contacting the Executive Director of Michigan City Housing Authority.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

(b) Method of Accounting -

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

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Public and Indian Housing
- * Public Housing Capital Funds
- * Section 8 Housing Choice Vouchers
- * Resident Opportunity and Supportive Services
- * Business Activities
- * State and Local
- * MCHDI - blended component unit

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the practice of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as “due from other programs” or “due to other programs” on the combined statement of net assets and have been eliminated in the basic financial statements.

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at September 30, 2015, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(h) Inventories and Materials -

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

(i) Investments -

Investments are stated at cost which approximates market.

(j) Capital Assets -

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

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

Land, buildings and equipment contains the following:

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Capital Assets - (Continued)

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

Buildings	40	years
Equipment	3-10	years
Leasehold improvements	15	years

(k) Net Position -

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

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

(l) Income Tax -

The Authority, organized under Indiana state law as a political subdivision subsidized by the Federal government, is exempt from Federal and State income taxes.

(m) Annual Contributions/Subsidies and Other Grants

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

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

- (n) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval.
- (o) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (p) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (q) Rental income is recognized as rents become due.
- (r) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

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

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

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

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

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Business Activities	\$ 725,789	\$ 725,789
Public and Indian Housing	38,418	89,623
Section 8 Housing Choice Vouchers	128,527	129,868
MCHDI	<u>406,563</u>	<u>407,481</u>
Total	<u>\$ 1,299,297</u>	<u>\$ 1,352,761</u>

Note 3 - Compensated Absences

Annual Leave

All full time employees shall receive a paid vacation. Paid vacations will be granted to employees according to years of service:

Length of Service

One full year	10 days with pay
Four full years	15 days with pay
Nine full years	20 days with pay
Twelve full years	25 days with pay

Accumulation of Vacation Time

The withholding of payment of accumulated vacation may be authorized when an employee is adjudged guilty of, and is being terminated for conduct involving violent or destructive action against personnel or property of the Housing Authority of the City of Michigan City; when he/she unlawfully retains Housing Authority property in his/her possession; or for other reasons and after review and disposition by the Housing Authority's Executive Director.

A paid holiday which occurs during a vacation will not be charged as vacation time. Employee vacation shall be requested ten (10) days in advance in a leave requisition and shall be approved by the Executive Director.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 3 - Compensated Absences (Continued)

No Cash Payment in Lieu of Leave

No cash payments to officers or employees shall be made in lieu of unused vacation or sick leave; except that when an officer or employee is permanently separated from employment, cash payment of unused vacation leave or for a person retiring at age 62 or 50% of unused sick leave may be made to the employee or his/her estate. No payment of unused leave shall be made to any officer or employee dismissed for cause.

Sick Leave

Sick leave is not payable upon termination and may not be counted toward the computation of compensatory time. Upon the lesser of the two, retirement at the age of 62 or after 30 years of service, 50% of accumulative sick leave will be paid to employees. Pay for accumulated sick leave will not be considered for any separation.

As incentive to the employee not to abuse use of above mentioned sick leave, the employer may buy back 10% of unused sick days, a maximum of 10 days for the current year after you have reached 55 days or more from the employees.

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan established as irrevocable trust administered by Metropolitan Life Insurance. The plan was adopted by the Board of Commissioners and approved by the Department of Housing and Urban Development. It can only be amended in the same manner.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at the plan anniversary date following their initial date of hire (not more than 12 months after hire). The plan requires the Housing Authority and the employee to contribute 5% and no more than 5% of covered wages, respectively. The Housing Authority's contribution for each employee are vested as follows:

<u>Upon Completion of the Following Years of Participation</u>	<u>Percentage of Employer's Contributions</u>
1	20%
2	40%
3	60%
4	80%
5	100%

Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. For the fiscal year ended September 30, 2015, actual contributions by the Housing Authority were \$16,644 and employee contributions were \$17,400. Total annual related payroll expense was \$469,342.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 5 - Post-Employment Benefits

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

PHA projects	\$ 24,215
HUD other projects	79,774
Tenants accounts receivable	26,704
Allowance for doubtful accounts - tenants	-8,580
Fraud recovery	24,335
Allowance for doubtful accounts - fraud	<u>-24,335</u>
Subtotal	\$ 122,113
Interfund	<u>92,589</u>
Total	<u>\$ 214,702</u>

Note 7 - Investments

At September 30, 2015 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Checking - interest bearing	0.05%	<u>\$ 4,667</u>	<u>\$ 4,667</u>

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ 27,164
Other prepaid expenses	<u>247,949</u>
Total	<u>\$ 275,113</u>

Note 9 - Capital Assets

Balance as of September 30, 2015	\$ 4,268,020
Balance as of September 30, 2014	<u>4,414,094</u>
Net Increase (Decrease)	<u>\$ -146,074</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 9 - Capital Assets (Continued)

Reconciliation

Property betterments and additions	\$ 176,171
Replacement of equipment	3,977
Disposal of nonexpendable equipment	-19,994
Current year depreciation expense	<u>-306,228</u> *
Net Increase (Decrease)	<u>\$ -146,074</u>

<u>Analysis</u>	<u>10/01/2014 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>09/30/2015 Balance</u>
Land	\$ 477,939	\$ 0	\$ 6,374	\$ 471,565
Buildings	17,351,720	192,796	75,783	17,468,733
Equipment and furniture	732,043	3,977	37,940	698,080
Leasehold improvements	955,624	0	0	955,624
Construction in progress	<u>222,743</u>	<u>176,171</u>	<u>192,796</u>	<u>206,118</u>
Total	\$ 19,740,069	\$ 372,944	\$ 312,893	\$ 19,800,120
Accumulated depreciation	<u>-15,325,975</u>	<u>100,103</u>	<u>306,228</u>	<u>* -15,532,100</u>
Total	<u>\$ 4,414,094</u>	<u>\$ 473,047</u>	<u>\$ 619,121</u>	<u>\$ 4,268,020</u>

*Current year depreciation expense recognized.

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 36,217
Accounts payable - PHA projects	21,894
Tenants security deposits	<u>58,624</u>
Subtotal	\$ 116,735
Interfund	<u>92,589</u>
Total	<u>\$ 209,324</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 11 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wage/payroll taxes payable	\$ 33,676
Earned compensated absences	8,836
Utilities payable	<u>23,288</u>
Total Current	\$ 65,800

Noncurrent Portion:

Earned compensated absences	<u>79,527</u>
Total	<u>\$ 145,327</u>

Note 12 - Unearned Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ 4,522
Other grants	<u>4,915</u>
Total	<u>\$ 9,437</u>

Note 13 - OIG Repayment Agreement

In November, 2007, the U.S. Department of Housing and Urban Development Inspector General completed an audit of the Michigan City Housing's Public Housing Program (MCHA) and issued its Audit Report dated November 19, 2007.

The agreement calls for repayments of \$22,525 annually for a period of 15 years with a final deposit of \$22,520 for a total of \$337,870, based on the Inspector General's Audit Report with funds derived from non-Public Housing and non-Section 8 sources.

The agreement requires a deposit of \$22,525 annually into the MCHA Public Housing Program account from non federal funds for the rental income received by its nonprofit from the Turnkey III properties included in the financial statements of MCHDI. This agreement had a start date of September 30, 2009 and final deposits not later than January 1, 2023.

Note 14 - Trust and Deposit Liabilities

This classification consists of the following:

Homebuyers earned payments/nonroutine maintenance	<u>\$ 6,429</u>
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**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 15 - Summary of Long Term Liabilities

A summary of long term liabilities as of September 30, 2015:

	10/01/2014			09/30/2015
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Earned compensated absences	\$ 79,802	\$ 0	\$ 275	\$ 79,527
Trust and deposit liabilities	3,875	2,554	0	6,429
FSS escrow	4,665	0	0	4,668
Repayment agreement	<u>182,720</u>	<u>3</u>	<u>25,050</u>	<u>157,670</u>
 Total	 <u>\$ 271,062</u>	 <u>\$ 2,557</u>	 <u>\$ 25,325</u>	 <u>\$ 248,294</u>

Note 16 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is set by HUD on a calendar year basis, adjusted quarterly.

Note 17 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

Note 18 - Contingencies

Federal Grants

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 19 Contracts/Commitments

As of September 30, 2015, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-13	\$ 205,197	\$ 171,007
CFP 501-14	196,366	0
CFP 501-15	200,025	0
RHF 502-11	66,164	54,995
RHF 502-12	61,250	0
RHF 502-13	<u>62,475</u>	<u>0</u>
Total	<u>\$ 791,477</u>	<u>\$ 226,002</u>

Note 20 - Risk Management

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

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

Note 21 - Economic Dependency

The Housing Authority received most of its revenue (70%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 22 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	\$ 4,175
Turnkey reserve	<u>19,938</u>
Total	<u>\$ 24,113</u>

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

SUPPLEMENTAL DATA

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850	C-933	FYE 09/30/15	\$ 435,974	\$ 435,974	\$ 435,974
Public Housing Capital Funds	14.872	C-933	FYE 09/30/15	\$ 351,478	\$ 276,171	\$ 276,171
Section 8 Housing Choice Vouchers*	14.871	C-2057V	FYE 09/30/15	\$ 1,692,601	\$ 1,692,601	\$1,692,601
Resident Opportunity Supportive Services	14.870	C-2057V	FYE 09/30/15	\$ 87,422	\$ 42,301	\$ 42,301
Total Housing Assistance				\$ 2,567,475	\$ 2,447,047	\$2,447,047

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Michigan City Housing Authority (Authority) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's consolidated financial statements.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended September 30, 2015. The awards are classified as major and non-major program categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended September 30, 2015, and should be read in conjunction with the Authority's consolidated financial statements.

Note 2 – Sources of Funding

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36R019502-09**

1. The Actual Modernization Costs of Phase IN36R019502-09 are as follows:

Funds approved	\$ 79,769
Funds expended	<u>79,769</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	\$ 79,769
Funds expended	<u>79,769</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 1, 2016, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36R019502-10**

1. The Actual Modernization Costs of Phase IN36R019502-10 are as follows:

Funds approved	\$ 80,117
Funds expended	<u>80,117</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	\$ 80,117
Funds expended	<u>80,117</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 1, 2016, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF FINAL
FEDERAL FINANCIAL REPORT
PHASE IN019RFS78A013**

1. The Federal Financial Report of Grant IN019RFS78A013 are as follows:

Funds approved	\$ 43,894
Funds expended	<u>43,894</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	\$ 43,894
Funds expended	<u>43,894</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by grant, as shown on the final Federal Financial Report, dated October 8, 2015, submitted to HUD for approval, is in agreement with the PHA's records.
3. All grant costs have been paid and all related liabilities have been discharged through payment.



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

Board of Commissioners
Michigan City Housing Authority
Michigan City, Indiana

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 Michigan City Housing Authority, which comprise the statement of net position as of September 30, 2015, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Michigan City Housing Authority's basic financial statements and have issued my report thereon dated March 4, 2016.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. 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 Michigan City Housing Authority'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 Michigan City Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Michigan City Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois
March 4, 2016



**Independent Auditor's Report on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Board of Commissioners
Michigan City Housing Authority
Michigan City, Indiana

Report on Compliance for Each Major Program

I have audited the Michigan City Housing Authority'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 Michigan City Housing Authority's major federal programs for the year ended September 30, 2015. The Michigan City Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Michigan City Housing Authority'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 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 (OMB Circular A-133)*. 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 material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Michigan City Housing Authority'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 program. However, my audit does not provide a legal determination of the Michigan City Housing Authority's compliance.

Opinion on Each Major Program

In my opinion, the Michigan City Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Other Matters

The results of my auditing procedures also disclosed an immaterial instance of noncompliance which is to be reported in accordance with *OMB Circular A-133*, which is described in the accompanying schedule of findings and questioned costs as item 2015-001. My opinion is not modified with respect to this matter.

The Michigan City Housing Authority's responses to the noncompliance finding identified in my audit are described in the accompanying schedule of findings and questioned costs. The Michigan City Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Michigan City Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Michigan City Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major HUD-assisted 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 Michigan City Housing Authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be *significant deficiencies* or *material weaknesses* and, therefore, deficiencies, *significant deficiencies*, or *material weaknesses* may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be *material weaknesses* and *significant deficiencies*.

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 type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a significant deficiency.

The Michigan City Housing Authority's responses to the internal control over compliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Michigan City Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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



Certified Public Accountant

Decatur, Illinois
March 4, 2016

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2014 contained no findings.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes X no

* Significant deficiency (ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? X yes _____ no

* Significant deficiency (ies) identified? X yes _____ 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 OMB Circular A-133? X yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? _____ yes X no

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statement Findings

There were no financial statement audit finding discussed with Norma Thomas, Executive Director and other staff members, during the course of the audit and at an exit conference held March 4, 2016.

Section III - Federal Award Findings

There was one federal award audit findings discussed with Norma Thomas, Executive Director and other staff members, during the course of the audit and at an exit conference held March 4, 2016.

Finding 2015-001: Incomplete Section 8 Participant Files

CFDA #: 14.871 Section 8 Housing Choice Vouchers

Contract #: C-2057V

Questioned Costs: None

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility, accurate calculation of Housing Assistance Payments (HAP) and annual inspections of units. During my current year test of participant files (24 files examined) I noted incorrect calculations of HAP in four (4) of those files and six (6) files did not have timely annual recertifications completed. Additionally it was noted that five units failed the annual inspections and those files contained no evidence of reinspections or follow up to the items noted in the inspections. .

Effect: It cannot be determined if the Section 8 participants were eligible or if HAP assistance was calculated in accordance with HUD regulations. It is also unknown if the units met housing standards in order to be eligible for housing assistance payments.

Cause: Adequate quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant. The system for reinspection of "failed" units was not adequate.

Auditor's Recommendation: I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Admin Plan according to HUD regulations and that they are trained in the proper procedures for applying those policies and HUD regulations.

Reinspections of failed units must be completed and documented in a timely manner or the HAP payments to the landlord should be abated.

Corrective Action Plan: The Section 8 administrative plan will be reviewed by all staff. The Housing Authority Executive Director will review the current quality control procedures with staff and instruct the quality control officer to perform more quality control checks of files during the FYE 2016 to prevent a reoccurrence of the errors and omissions.

Housing Authority of the City of Michigan City (IN019)
MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	2 State/Local	6.2 Component Unit - Blended	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$710,097	\$124,352	\$4,175			\$397,164		\$1,231,613
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$19,938		\$4,175				\$24,113		\$24,113
114 Cash - Tenant Security Deposits	\$11,307	\$14,301					\$8,774		\$34,382
115 Cash - Restricted for Payment of Current Liabilities	\$2,506	\$1,391	\$0				\$625		\$4,522
100 Total Cash	\$33,751	\$725,789	\$128,527	\$0	\$0	\$406,563	\$1,294,630	\$0	\$1,294,630
121 Accounts Receivable - PHA Projects			\$24,215				\$24,215		\$24,215
122 Accounts Receivable - HUD Other Projects	\$72,525	\$0	\$0	\$7,249			\$79,774		\$79,774
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0				\$0		\$0
126 Accounts Receivable - Tenants	\$19,957	\$3,528					\$3,219		\$26,704
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,100	-\$2,908					-\$572		-\$8,580
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$22,525						\$22,525		\$22,525
128 Fraud Recovery			\$24,335				\$24,335		\$24,335
128.1 Allowance for Doubtful Accounts - Fraud			-\$24,335				-\$24,335		-\$24,335
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$109,907	\$620	\$24,215	\$7,249	\$0	\$2,647	\$144,638	\$0	\$144,638
131 Investments - Unrestricted									
132 Investments - Restricted	\$4,667		\$0				\$4,667		\$4,667
135 Investments - Restricted for Payment of Current Liability			\$0				\$0		\$0
142 Prepaid Expenses and Other Assets	\$41,617		\$3,595				\$229,901		\$275,113
143 Inventories	\$15,703						\$109		\$15,812
143.1 Allowance for Obsolete Inventories	-\$877						-\$6		-\$883
144 Inter Program Due From	\$92,400	\$9	\$180				\$92,589	-\$92,589	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$297,168	\$726,418	\$156,517	\$7,249	\$0	\$639,214	\$1,826,566	-\$92,589	\$1,733,977
161 Land	\$361,083	\$53,634					\$56,848		\$471,565
162 Buildings	\$14,978,356	\$1,339,923	\$394				\$1,150,060		\$17,468,733
163 Furniture, Equipment & Machinery - Dwellings	\$183,380	\$4,895					\$1,764		\$190,039
164 Furniture, Equipment & Machinery - Administration	\$389,330	\$4,160	\$74,888				\$39,663		\$508,041
165 Leasehold Improvements	\$938,606	\$17,018					\$955,624		\$955,624
166 Accumulated Depreciation	-\$14,474,950	-\$560,980	-\$74,668				-\$421,502		-\$15,532,100
167 Construction in Progress	\$206,118						\$206,118		\$206,118
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,581,923	\$858,650	\$614	\$0	\$0	\$826,833	\$4,268,020	\$0	\$4,268,020
171 Notes, Loans and Mortgages Receivable - Non-Current	\$157,670	\$0	\$0				\$157,670		\$157,670
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0				\$0		\$0
173 Grants Receivable - Non Current									
174 Other Assets	\$0	\$0	\$0				\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0				\$0		\$0
180 Total Non-Current Assets	\$2,739,593	\$858,650	\$614	\$0	\$0	\$826,833	\$4,425,690	\$0	\$4,425,690
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$3,036,761	\$1,585,068	\$157,131	\$7,249	\$0	\$1,466,047	\$6,252,256	-\$92,589	\$6,159,667

Housing Authority of the City of Michigan City (IN019)
MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	2 State/Local	6.2 Component Unit - Blended	Subtotal	ELIM	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$28,837	\$2,294	\$4,313			\$773	\$36,217		\$36,217
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$32,152	\$393	\$1,005			\$126	\$33,676		\$33,676
322 Accrued Compensated Absences - Current Portion	\$6,764	\$235	\$1,777			\$60	\$8,836		\$8,836
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0				\$0		\$0
332 Account Payable - PHA Projects			\$21,894				\$21,894		\$21,894
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$35,549	\$14,301				\$8,774	\$58,624		\$58,624
342 Unearned Revenue	\$7,421	\$1,391	\$0			\$625	\$9,437		\$9,437
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0						\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities						\$22,525	\$22,525		\$22,525
346 Accrued Liabilities - Other	\$22,335	\$202				\$751	\$23,288		\$23,288
347 Inter Program - Due To		\$21,369	\$47,160	\$7,249		\$16,811	\$92,589	-\$92,589	\$0
348 Loan Liability - Current	\$0	\$0	\$0				\$0		\$0
310 Total Current Liabilities	\$133,058	\$40,185	\$76,149	\$7,249	\$0	\$50,445	\$307,086	-\$92,589	\$214,497
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0				\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings			\$0				\$0		\$0
353 Non-current Liabilities - Other	\$11,097		\$0			\$157,670	\$168,767		\$168,767
354 Accrued Compensated Absences - Non Current	\$60,869	\$2,122	\$15,995			\$541	\$79,527		\$79,527
355 Loan Liability - Non Current	\$0	\$0	\$0				\$0		\$0
356 FASB 5 Liabilities			\$0				\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0				\$0		\$0
350 Total Non-Current Liabilities	\$71,966	\$2,122	\$15,995	\$0	\$0	\$158,211	\$248,294	\$0	\$248,294
300 Total Liabilities	\$205,024	\$42,307	\$92,144	\$7,249	\$0	\$208,656	\$555,380	-\$92,589	\$462,791
400 Deferred Inflow of Resources	\$0		\$0				\$0		\$0
508.4 Net Investment in Capital Assets	\$2,581,923	\$858,650	\$614			\$826,833	\$4,268,020		\$4,268,020
511.4 Restricted Net Position	\$19,938		\$4,175				\$24,113		\$24,113
512.4 Unrestricted Net Position	\$229,876	\$684,111	\$60,198	\$0	\$0	\$430,558	\$1,404,743		\$1,404,743
513 Total Equity - Net Assets / Position	\$2,831,737	\$1,542,761	\$64,987	\$0	\$0	\$1,257,391	\$5,696,876	\$0	\$5,696,876
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,036,761	\$1,585,068	\$157,131	\$7,249	\$0	\$1,466,047	\$6,252,256	-\$92,589	\$6,159,667

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	2 State/Local	6.2 Component Unit - Blended	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$512,926	\$167,031				\$104,984	\$784,941		\$784,941
70400 Tenant Revenue - Other	\$31,902	\$1,067				\$724	\$33,693		\$33,693
70500 Total Tenant Revenue	\$544,828	\$168,098	\$0	\$0	\$0	\$105,708	\$818,634	\$0	\$818,634
70600 HUD PHA Operating Grants	\$535,974		\$1,692,601	\$42,301			\$2,270,876		\$2,270,876
70610 Capital Grants	\$176,171						\$176,171		\$176,171
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants					\$2,140		\$2,140		\$2,140
71100 Investment Income - Unrestricted	\$39	\$996	\$59			\$611	\$1,705		\$1,705
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$5,494				\$5,494		\$5,494
71500 Other Revenue	\$31,655	\$403	\$169,227			\$19,234	\$220,519		\$220,519
71600 Gain or Loss on Sale of Capital Assets	-\$17,169						-\$17,169		-\$17,169
72000 Investment Income - Restricted	\$0		\$0				\$0		\$0
70000 Total Revenue	\$1,271,498	\$169,497	\$1,867,381	\$42,301	\$2,140	\$125,553	\$3,478,370	\$0	\$3,478,370
91100 Administrative Salaries	\$130,495	\$123	\$69,532				\$200,150		\$200,150
91200 Auditing Fees	\$5,835		\$1,945			\$2,250	\$10,030		\$10,030
91300 Management Fee	\$0	\$12,950	\$0			\$11,700	\$24,650		\$24,650
91310 Book-keeping Fee									
91400 Advertising and Marketing	\$129		\$25				\$154		\$154
91500 Employee Benefit contributions - Administrative	\$48,624		\$36,960				\$85,584		\$85,584
91600 Office Expenses	\$68,405	\$5	\$19,996				\$88,406		\$88,406
91700 Legal Expense	\$9,592		\$525			\$3,851	\$13,968		\$13,968
91800 Travel	\$7,078		\$60				\$7,138		\$7,138
91810 Allocated Overhead									
91900 Other	\$15,811	\$1,140	\$8,940			\$1,154	\$27,045		\$27,045
91000 Total Operating - Administrative	\$285,969	\$14,218	\$137,983	\$0	\$0	\$18,955	\$457,125	\$0	\$457,125
92000 Asset Management Fee	\$0						\$0		\$0
92100 Tenant Services - Salaries	\$317		\$247	\$30,931			\$31,495		\$31,495
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services			\$149	\$11,370			\$11,519		\$11,519
92400 Tenant Services - Other	\$2,229					\$6,962	\$9,191		\$9,191
92500 Total Tenant Services	\$2,546	\$0	\$396	\$42,301	\$0	\$6,962	\$52,205	\$0	\$52,205

Housing Authority of the City of Michigan City (IN019)
MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	2 State/Local	6.2 Component Unit - Blended	Subtotal	ELIM	Total
93100 Water	\$35,176	\$648				\$1,660	\$37,684		\$37,684
93200 Electricity	\$128,193	\$729				\$4,672	\$133,594		\$133,594
93300 Gas	\$112,691	\$2,100				\$4,437	\$119,228		\$119,228
93400 Fuel									
93500 Labor									
93600 Sewer	\$56,536	\$1,742					\$58,278		\$58,278
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense						\$1,922	\$1,922		\$1,922
93000 Total Utilities	\$332,596	\$5,419	\$0	\$0	\$0	\$12,691	\$350,706	\$0	\$350,706
94100 Ordinary Maintenance and Operations - Labor	\$182,980	\$16,171				\$10,433	\$209,584		\$209,584
94200 Ordinary Maintenance and Operations - Materials and Other	\$41,921	\$12,155	\$8,050			\$7,671	\$69,797		\$69,797
94300 Ordinary Maintenance and Operations Contracts	\$37,432	\$7,726				\$6,219	\$51,377		\$51,377
94500 Employee Benefit Contributions - Ordinary Maintenance	\$109,580	\$4,632				\$3,971	\$118,183		\$118,183
94000 Total Maintenance	\$371,913	\$40,684	\$8,050	\$0	\$0	\$28,294	\$448,941	\$0	\$448,941
95100 Protective Services - Labor	\$28,113						\$28,113		\$28,113
95200 Protective Services - Other Contract Costs	\$1,646						\$1,646		\$1,646
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services	\$2,647						\$2,647		\$2,647
95000 Total Protective Services	\$32,406	\$0	\$0	\$0	\$0	\$0	\$32,406	\$0	\$32,406
96110 Property Insurance	\$41,529						\$41,529		\$41,529
96120 Liability Insurance	\$9,987						\$9,987		\$9,987
96130 Workmen's Compensation	\$11,838					\$10,755	\$22,593		\$22,593
96140 All Other Insurance	\$12,945		\$2,395			\$1,286	\$16,626		\$16,626
96100 Total Insurance Premiums	\$76,299	\$0	\$2,395	\$0	\$0	\$12,041	\$90,735	\$0	\$90,735
96200 Other General Expenses			\$1,337		\$2,140		\$3,477		\$3,477
96210 Compensated Absences									
96300 Payments in Lieu of Taxes	\$1,110	\$5,020				\$620	\$6,750		\$6,750
96400 Bad debt - Tenant Rents	\$11,207	\$2,908				\$560	\$14,675		\$14,675
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$12,317	\$7,928	\$1,337	\$0	\$2,140	\$1,180	\$24,902	\$0	\$24,902
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)	\$0						\$0		\$0
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,114,046	\$68,249	\$150,161	\$42,301	\$2,140	\$80,123	\$1,457,020	\$0	\$1,457,020
97000 Excess of Operating Revenue over Operating Expenses	\$157,452	\$101,248	\$1,717,220	\$0	\$0	\$45,430	\$2,021,350	\$0	\$2,021,350

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	2 State/Local	6.2 Component Unit - Blended	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$1,625						\$1,625		\$1,625
97200 Casualty Losses - Non-capitalized						\$459	\$459		\$459
97300 Housing Assistance Payments			\$1,554,755				\$1,554,755		\$1,554,755
97350 HAP Portability-In			\$158,357				\$158,357		\$158,357
97400 Depreciation Expense	\$239,311	\$35,229	\$580			\$31,108	\$306,228		\$306,228
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$1,354,982	\$103,478	\$1,863,853	\$42,301	\$2,140	\$111,690	\$3,478,444	\$0	\$3,478,444
10010 Operating Transfer In	\$100,000						\$100,000	-\$100,000	\$0
10020 Operating transfer Out	-\$100,000						-\$100,000	\$100,000	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0					\$0		\$0
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$83,484	\$66,019	\$3,528	\$0	\$0	\$13,863	-\$74	\$0	-\$74
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,915,221	\$1,476,742	\$61,459	\$0	\$0	\$0	\$4,453,422		\$4,453,422
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$1,243,528	\$1,243,528		\$1,243,528
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	\$0		\$60,812				\$60,812		\$60,812
11180 Housing Assistance Payments Equity			\$4,175				\$4,175		\$4,175
11190 Unit Months Available	2280	324	3621				6225		6225
11210 Number of Unit Months Leased	2159	324	3611				6094		6094
11270 Excess Cash	-\$9,775						-\$9,775		-\$9,775
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$352,342						\$352,342		\$352,342
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$2,550						\$2,550		\$2,550
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0