



STATE OF INDIANA
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October 6, 2016

Board of Commissioners
Knox County Housing Authority
11 Powell Street
Bicknell, IN 47512

We have reviewed the audit report prepared by Pamela J. Simpson, CPA for the period July 1, 2014 to June 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 Knox County Housing Authority, as of June 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The 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* reports Findings 2015-001 and 2015-002 as material weaknesses in internal control and noncompliance.

The Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major HUD-Assisted Program and on Internal Control Over Compliance in Accordance with *OMB Circular-133* reports Findings 2015-001, 2015-002, and 2015-003 as material weaknesses in internal control and noncompliance.

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

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

TWELVE MONTHS ENDED JUNE 30, 2015

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Knox County Housing Authority
Bicknell, Indiana

I have audited the accompanying financial statements of the Knox County Housing Authority, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Knox County 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 Knox County 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 Knox County 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 Knox County Housing Authority, as of June 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 8 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 Knox County 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 36 to 40 and the Statement and Certification of Actual Modernization Costs on page 27 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 February 19, 2016 on my consideration of the Knox County 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
February 19, 2016

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Management's Discussion and Analysis

As management of the Knox County Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended June 30, 2015.

Overview of the Financial Statements

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

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

Financial Highlights

The Knox County Housing Authority's net position decreased from \$2,449,011 to \$2,130,552, a decrease of \$318,459 or 13%. The total assets decreased by \$253,340 or 10%.

Total revenues increased from \$1,775,624 to \$1,791,467, an increase of \$15,843, or 1%. Revenues comprised of rental income HUD operating grants and capital grants, interest income and other revenue.

Total expenses increased by \$197,253, from \$1,815,965 to \$2,013,218 for the current year. This represents an increase of 11%.

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending June 30, 2016 that will significantly affect the Authority's Net Position either positively or negatively.

Request For Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director or Project Manager, Knox County Housing Authority, 11 Powell Street, Bicknell, IN 47512.

Program Information

The following is a brief description of the major business-type activities the Authority provides:

Low Income Public Housing

The Housing Authority owns 74 units in Knox County, Indiana. Under the Low Income Public Housing Program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The conventional public housing program includes the Capital Funds Program, which is the primary funding source for physical improvements to the Authority's properties.

Section 8 Housing Choice Vouchers

HUD has contracted with the Housing Authority for support of 334 Housing Choice Vouchers. Under the Section 8 Housing Choice Vouchers, the Authority administers contracts with landlord that own rental property. The Authority subsidized the family's rent through a housing assistance payment made to the landlord. HUD provides an annual contribution funding to enable the Authority to structure a lease that sets the participant's rent at based on household income.

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position

Total Assets for FYE 2014 was \$2,543,778 and at FYE 2015 the amount was \$2,290,438. This represents a net decrease of \$253,340.

Current Assets decreased by \$251,276 or 81%. Current assets decreased because the Authority expended more cash in the fiscal year.

Noncurrent Assets decreased by \$2,541. The Authority's noncurrent assets decreased due to payments on note receivable.

Capital Assets increased by \$477. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased by \$57,690 or 65%. The major cause of this decrease was in accounts payable due to HUD.

Noncurrent Liabilities increased by \$158,164 or 2643%. The Authority's noncurrent liabilities increased due to recognition of the net pension liability.

The table below illustrates our analysis:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>	<u>Percent Variances</u>
Current Assets	60,638	311,914	(251,276)	-81%
Noncurrent Assets	18,958	21,499	(2,541)	-12%
Capital Assets	2,210,842	2,210,365	477	0%
Total Assets	2,290,438	2,543,778	(253,340)	-10%
Deferred Outflows of Resources	52,600	0	52,600	100%
TOTAL	2,343,038	2,543,778	(200,740)	-8%
Current Liabilities	31,092	88,782	(57,690)	-65%
Noncurrent Liabilities	164,149	5,985	158,164	2643%
Total Liabilities	195,241	94,767	100,474	106%
Deferred Inflows of Resources	17,245	0	17,245	100%
Net Investment in Capital Assets	2,210,842	2,210,365	477	0%
Restricted	21,894	66,223	(44,329)	-67%
Unrestricted	-102,184	172,423	(274,607)	-159%
Total Net Position	2,130,552	2,449,011	(318,459)	-13%
TOTAL	2,343,038	2,543,778	(200,740)	-8%

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Analysis of Entity Wide Revenue

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending June 30, 2015 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Public and Indian Housing	\$434,570
Section 8 Housing Choice Vouchers	\$1,249,286
Capital Funds Program	\$97,806
State and Local	\$9,805

Total revenues for Fiscal Year Ending June 30, 2014 were \$1,775,624 as compared to the total revenues for Fiscal Year Ending June 30, 2015 of \$1,791,467. Comparatively, Fiscal Year Ending 2015 revenues exceeded Fiscal Year Ending 2014 revenues by \$15,843.

	2015	2014	Net Change	Percentage Change
Total Tenant Revenue	261,852	246,497	15,355	6%
HUD Operating Grants	1,515,310	1,510,094	5,216	0%
Investment Income	955	1,162	-207	-18%
Other Revenue	13,350	17,871	-4,521	-25%
Total Revenue	<u>1,791,467</u>	<u>1,775,624</u>	<u>15,843</u>	<u>1%</u>

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending June 30, 2014 were \$1,815,965 as compared to \$2,013,218 of total expenditures for Fiscal Year Ending June 30, 2015. Comparatively, Fiscal Year Ending 2015 expenditures exceeded Fiscal Year Ending 2014 expenditures by \$197,253. Changes by major expense category will be presented below.

Administrative expenditures increased by \$59,411 or 20%. The major cause for this increase is the Authority increased the percentage of healthcare benefits it pays.

Tenant Services expenditures increased by \$9,344. The Authority spent more in relocation costs.

Utilities increased by \$14,442 or 11%. This was due to the Authority paying all utilities in the current year while tenants paid some of their own utilities in prior years.

Maintenance expenditures decreased by \$21,945 or 20%. The major cause for this decrease is the Authority classified some maintenance expenses as non routine in the current year.

Housing Assistance Payments increased by \$110,996 or 10%. Leased units for the Voucher Program increased from Fiscal Year 2014.

The table below illustrates our analysis:

	2015	2014	Net Change	Percent Variances
Administrative	362,923	303,512	59,411	20%
Tenant Services	9,344	0	9,344	100%
Utilities	144,960	130,518	14,442	11%
Maintenance	87,552	109,497	-21,945	-20%
General Expense	55,262	48,028	7,234	15%
Extraordinary Maintenance	22,788	0	22,788	100%
Housing Assistance Payments	1,182,546	1,071,550	110,996	10%
Depreciation Expense	147,843	152,860	-5,017	-3%
Total Expenses	<u><u>\$2,013,218</u></u>	<u><u>\$1,815,965</u></u>	<u><u>\$197,253</u></u>	<u><u>11%</u></u>

**KNOX COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Analysis of Capital Assets Activity

Buildings increased by \$145,940 or 4%.

Furniture, Equipment & Machinery – Dwelling increased by a net amount \$1,247 or 0.9%. The increase in this category was the purchase of refrigerators.

Furniture, Equipment & Machinery – Administration increased by an amount of \$1,133.

Accumulated Depreciation increased by \$147,843 or 5.1%. This is the amount of current year depreciation expense.

	2015	2014	Net Change	Percent Variance
Land	1,007,173	1,007,173	0	0.0%
Buildings	3,805,061	3,659,121	145,940	4.0%
Furniture, Equipment, & Machinery - Dwelling	145,751	144,504	1,247	0.9%
Furniture, Equipment, & Machinery - Administration	304,848	303,715	1,133	0.4%
Total Capital Assets	5,262,833	5,114,513	148,320	2.9%
Accumulated Depreciation	3,051,991	2,904,148	147,843	5.1%
Net Capital Assets	2,210,842	2,210,365	477	0.0%

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

Outstanding Debt

The Housing Authority had no outstanding debt for June 30, 2014 or June 30, 2015.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

ASSETS

Cash - operating	\$ 2,669
Cash - restricted	41,235
Receivables (net)	4,734
Investments	12,000
Capital assets:	
Land, land improvements and construction in progress	\$ 1,007,173
Other capital assets, net of depreciation	<u>1,203,669</u>
Total Capital Assets	\$ 2,210,842
Noncurrent Assets:	
Notes receivable	<u>18,958</u>
Total Assets	<u>\$ 2,290,438</u>

DEFERRED OUTFLOWS OF RESOURCES (Note 9) \$ 52,600

TOTAL \$ 2,343,038

LIABILITIES

Accounts payable	\$ 26,027
Other liabilities	3,857
Unearned revenue	1,208
Noncurrent liabilities:	
Earned compensated absences	4,491
Accrued pension liabilities	<u>159,658</u>
Total Liabilities	<u>\$ 195,241</u>

DEFERRED INFLOWS OF RESOURCES (Note 14) \$ 17,245

NET POSITION

Net investment in capital assets	\$ 2,210,842
Restricted	21,894
Unrestricted	<u>-102,184</u>
Total Net Position	<u>\$ 2,130,552</u>

TOTAL \$ 2,343,038

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Operating Income

Tenant rental revenue	\$ 235,642
Tenant revenue - other	<u>26,210</u>
Total Rental Income	\$ 261,852
HUD operating grants	1,515,310
Other revenue	<u>13,350</u>
Total Operating Income	<u>\$ 1,790,512</u>

Operating Expenses

Administration	\$ 362,923
Tenant services	9,344
Utilities	144,960
Ordinary maintenance and operation	87,552
General expense	55,262
Extraordinary maintenance	22,788
Housing assistance payments	1,182,546
Depreciation	<u>147,843</u>
Total Operating Expenses	<u>\$ 2,013,218</u>
Net Operating Income (Loss)	\$ -222,706

Nonoperating Income (Expense)

Interest income	<u>955</u>
Changes in net position	\$ -221,751
Net position, beginning of year	2,449,011
Prior period adjustments (Note 17)	<u>-96,708</u>
Net position, end of year	<u><u>\$ 2,130,552</u></u>

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Operating Activities

Operating grants	\$ 1,451,444
Tenant revenue	261,397
Other revenue	13,350
Housing assistance payments	-1,182,546
Payments to employees	-204,975
Payments to suppliers and contractors	<u>-444,868</u>

Net Cash Provided (Used) by Operating Activities \$ -106,198

Investing Activities

Investments (purchased) redeemed	\$ -12,000
Interest income	<u>955</u>

Net Cash Provided (Used) by Investing Activities \$ -11,045

Capital and Related Financing Activities

(Additions) deletions to fixed assets	<u>\$ -148,320</u>
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Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -148,320

Net Change in Cash \$ -265,563

Cash Balance at June 30, 2014 309,467

Cash Balance at June 30, 2015 \$ 43,904

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

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

Net operating income (loss)	\$ -222,706
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	147,843
(Increase) decrease in accounts receivable	254
(Increase) decrease in deferred outflows	-52,600
Increase (decrease) in accounts payable	-61,264
Increase (decrease) in other liabilities	872
Increase (decrease) in unearned revenues	1,208
Increase (decrease) in pension liabilities	62,950
Increase (decrease) in deferred inflows	<u>17,245</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -106,198</u>

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Knox County Housing Authority was established by County 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 County of Knox and concluded that the County does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the County Board, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the County government. Debt incurred by the Authority is not an obligation of Knox County; the County does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

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

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

(b) Method of Accounting -

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

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Public and Indian Housing
- * Public Housing Capital Fund
- * Section 8 Housing Choice Vouchers
- * Business Activities
- * State/Local

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 policy 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 six (6) months or less when purchased to be cash equivalents.

(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 combining statement of net position and have been eliminated in the basic financial statements.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 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 one thousand dollars (\$1,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

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

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

Buildings	40	years
Equipment	5-10	years
Transportation equipment	5-10	years
Furniture and fixtures	5-10	years

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(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.
- (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.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

- (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.
- (s) The Authority has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* during its fiscal year. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replacement the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The adoption of GASB Statement No. 68 had a material effect on the Authority's basic financial statements as the related liability is required to be presented on the Statement of Net Position.

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 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.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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.

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Public and Indian Housing	\$ 31,749	\$ 35,483
Section 8 Housing Choice Vouchers	21,186	22,610
State and Local	<u>2,969</u>	<u>3,089</u>
Total	<u>\$ 55,904</u>	<u>\$ 61,182</u>

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 3 - Compensated Absences

Vacation Leave

KCHA has a vacation policy for regular full time employees to enjoy time off with pay. Vacation time for employees is based on the years of service the employee has accumulated. Regular full time employees will be entitled to paid vacation time in accordance with the schedule below. The total number of employees who are permitted to be on vacation at the same time shall be governed by the needs of the KCHA.

Vacation time may also be used after exhaustion of sick leave if so requested in writing by the employee.

Upon separation from employment with the Knox County Housing Authority, an employee shall receive pay for up to 120 hours of unused vacation time if in good standing at the time of separation. Employment termination as a result of disciplinary action will cause employee to forfeit all unused vacation leave time.

Employees must be in active working pay status to be eligible for vacation time off. Employees shall receive their regular rate of pay for the vacation period.

Vacation time is earned as follows:

At 1 year of service - 1 week paid vacation. (40 hours)

At 3 years of service - 2 weeks paid vacation. (80 hours)

At 4 years of service, an additional vacation day (8 hours) will be added for each year with a maximum of 20 vacation days per year. (160 hours)

Vacation time will be available on the first day of each calendar year. Up to 5 days (40 hours) of unused vacation time will be allowed to carry over to the following calendar year. A total of 20 days (160 hours) of vacation time will be allowed at any time during the calendar year.

Sick Leave

All full time employees earn 12 days (96 hours) of paid sick time per calendar year. The days will be earned at the rate of 1 day (8 hours) per month of paid service. Sick time may be used by employees due to their own personal illness or incapacity, or to care for members of their immediate family who are ill. Immediate family, for purposes of this section, is defined as spouse, child, or any family member of the employee residing in the household, as well as outside-the-household parents, parents-in-law, and grandparents.

Up to 5 days (40 hours) of unused sick time will be allowed to carry over to the following calendar year. A total of 17 sick days (136 hours) will be allowed at any time during the calendar year. Upon separation from employment with the Knox County Housing Authority, no unused sick time will be paid.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 3 - Compensated Absences (Continued)

Personal Leave

All full time employees earn 6 days (48 hours) of paid personal time per calendar year. The days will be earned at the rate of 1 day (8 hours) every other month of paid service.

Up to 5 (40 hours) of unused personal time will be allowed to carry over to the following calendar year. A total of 11 days (88 hours) will be allowed at any time during the calendar year. Upon separation from employment with the Knox County Housing Authority, no unused personal leave will be paid.

Note 4 - Deferred Benefit Plan Contributions

Plan Description. The Housing Authority contributes to the State of Indiana Public Employees Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). PERF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under Indiana Statutes, employer contribution rates and amounts, as applicable, are adopted annual for each plan by the INPRS Board of Trustees. The State of Indiana assigns the authority to establish and amend benefit provisions to the INPRS Board of Trustees. The Indiana Public Retirement System issues a publicly available report that includes financial statements and the required supplementary information for PERF. The report and actuarial valuation for the period that ended June 30, 2015 is available on-line at <https://secure.in.gov/inprs/files/FY2015PERFActuarialValuationReport.pdf>.

Funding Policy. Plan members are required to contribute 3% of their annual covered salary and the Housing Authority is required to contribute at an actuarially determined rate. The current rate is 11.2% of annual covered payroll. Employees may exercise an option to voluntarily contribute an additional amount of their annual covered salary. The contribution requirements of plan members and Housing Authority are established and may be amended by INPRS Board of Trustees.

Required retirement plan contributions for PERF was \$20,344 and \$5,633 for the year ended June 30, 2015 for the Housing Authority and employees. The plan is not governed by ERISA and is not required to file a Form 5500. There were no surcharges imposed and there is no expiration date of the plan included in state statutes. Upon withdrawing from PERF, the Housing Authority would be obligated for its proportionate share of the plan's unfunded vested benefits. The Housing Authority has no intention of withdrawing from the plan.

The Unfunded Actuarial Accrued Liability as of the end of the plan year was \$159,658.

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.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 2,193
Notes receivable	<u>2,541</u>
Subtotal	<u>\$ 4,734</u>

Note 7 - Investments

At June 30, 2015 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.35%	<u>\$ 12,000</u>	<u>\$ 12,000</u>

Note 8 - Capital Assets

Balance as of June 30, 2015	\$ 2,210,842
Balance as of June 30, 2014	<u>2,210,365</u>
Net Increase (Decrease)	<u>\$ 477</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 2,380
Property betterments and additions	145,940
Current year depreciation expense	<u>-147,843</u>
Net Increase (Decrease)	<u>\$ 477</u>

<u>Analysis</u>	<u>07/01/2014 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>06/30/2015 Balance</u>
Land	\$ 1,007,173	\$ 0	\$ 0	\$ 1,007,173
Buildings	3,659,121	145,940	0	3,805,061
Equipment and furniture	<u>448,219</u>	<u>2,380</u>	<u>0</u>	<u>450,599</u>
Total	\$ 5,114,513	\$ 148,320	\$ 0	\$ 5,262,833
Accumulated depreciation	<u>-2,904,148</u>	<u>0</u>	<u>147,843</u>	* <u>-3,051,991</u>
Net Position	<u>\$ 2,210,365</u>	<u>\$ 148,320</u>	<u>\$ 147,843</u>	<u>\$ 2,210,842</u>

* Current year depreciation expense.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 9 - Deferred Outflows of Resources

Pension liability - PERF	<u>\$ 52,600</u>
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Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 2,077
Tenants security deposits	<u>23,950</u>
Total	<u>\$ 26,027</u>

Note 11 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 3,358
Earned compensated absence	<u>499</u>
Total Current Portion	\$ 3,857

Noncurrent Portion:

Earned compensated absences	<u>4,491</u>
Total	<u>\$ 8,348</u>

Note 12 - Unearned Revenue

This classification consists of the following:

Tenants prepaid rent	<u>\$ 1,208</u>
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Note 13 - Summary of Long Term Liabilities

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

	07/01/2014 <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	06/30/2015 <u>Balance</u>
Pension liability	\$ 96,700	\$ 83,294	\$ 20,344	\$ 159,658
Earned compensated absences	<u>5,985</u>	<u>0</u>	<u>1,494</u>	<u>4,491</u>
Total	<u>\$ 102,693</u>	<u>\$ 83,294</u>	<u>\$ 21,838</u>	<u>\$ 164,149</u>

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 14 - Deferred Inflows of Resources

Pension liability - PERF	<u>\$ 17,245</u>
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Note 15 - 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 calculated by HUD on a quarterly/annual basis.

Note 16 - 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 17 - Contingencies

Federal Grants

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

Note 18 - Prior Period Adjustments

Prior period adjustments posted directly to net position are detailed below:

Unfunded pension liability at June 30, 2014	<u>\$ -96,708</u>
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Note 19 - Contracts/Commitments

As of June 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 501-15	<u>\$ 96,523</u>	<u>\$ 0</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 fiscal year.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Note 21 - Economic Dependency

The Housing Authority received most of its revenue (85 %) 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	<u>\$ 21,894</u>
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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

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

<u>Federal Grantor/Program</u> <u>U.S. Department of HUD</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Contract</u> <u>Number</u>	<u>Grant</u> <u>Period</u>	<u>Program</u> <u>Amount</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>
Direct Programs:						
Public and Indian Housing*	14.850	C-2075	FYE 06/30/15	\$ 168,218	\$ 168,218	\$ 168,218
Section 8 Housing Choice Vouchers*	14.871	C-2045	FYE 06/30/15	\$ 1,249,286	\$ 1,249,286	\$ 1,249,286
Public Housing - Capital Fund	14.872	C-2075	FYE 06/30/15	\$ 97,806	\$ 97,806	\$ 97,806
Total Housing Assistance				<u>\$ 1,515,310</u>	<u>\$ 1,515,310</u>	<u>\$ 1,515,310</u>

*Denotes major program.

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

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Knox County 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 June 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 June 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.

The Authority did not receive any non-cash assistance from federal funds, had no federal insurance, nor have any loan or loan guarantees outstanding as of June 30, 2015.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P067501-14**

1. The Actual Modernization Costs of Phase IN36P067501-14 are as follows:

Funds approved	\$ 97,806
Funds expended	<u>97,806</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 97,806
Funds expended	<u>97,806</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 February 18, 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.



**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
Knox County Housing Authority
Bicknell, Indiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Knox County Housing Authority, which comprise the balance sheet as of June 30, 2015, and the related statements of income (loss), and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Knox County Housing Authority's internal control over financial reporting (internal control) to determine the auditing 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 the Knox County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Knox County Housing Authority's internal control.

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

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 Knox County 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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items list finding reference numbers 2015-001 and 2015-002 to be *material weaknesses*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Knox County 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002.

I noted certain matters that I reported to the management of the Knox County Housing Authority in a separate letter dated February 19, 2016.

The Knox County Housing Authority's responses to the findings identified in my audit are described in the accompanying schedule findings and questioned costs. I did not audit the Knox County Housing Authority's responses and, accordingly, I express no opinion on them.

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



Certified Public Accountant

Decatur, Illinois
February 19, 2016



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

Board of Commissioners
Knox County Housing Authority
Bicknell, Indiana

Report on Compliance for Each Major Program

I have audited the Knox County 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 Knox County Housing Authority's major federal programs for the year ended June 30, 2015. The Knox County 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 for Compliance

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Knox County Housing Authority's major federal programs based on our 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 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 Knox County 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 for each major program. However, our audit does not provide a legal determination of the Knox County Housing Authority's compliance.

Opinion on Each Major Program

In our opinion, the Knox County 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 identified above for the year ended June 30, 2015.

Other Matters

The results of my auditing procedures also disclosed immaterial instances of noncompliance, which are to be reported in accordance with *OMB Circular A-133* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2012-003. My opinion on each major federal program is not modified with respect to these matters.

The Knox County Housing Authority's responses to the noncompliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Knox County 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 Knox County 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 Knox County Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Knox County 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 over compliance that might be material weaknesses or *significant deficiencies* and therefore, *material weaknesses* or significant deficiencies 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003 to be a material weaknesses.

The Knox County Housing Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the the Knox County Housing Authority's responses and, accordingly, I express no opinion on the responses.

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



Decatur, Illinois
February 19, 2016

Certified Public Accountant

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2014 contained one findings as detailed below.

Finding 2014-001:

Payments made to vendors were awarded without regard to the Authority's written policies and procedures for procurement. Payments were made without a written contract.

The Housing Authority did have a written, fully executed contract for the amount of the payments questioned in the prior year. It is unknown why the contract was not presented for audit in the prior year when requested. This finding is considered closed.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? X yes no

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

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? X yes no

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? yes X no

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Section II - Financial Statement Findings

The following financial statement audit findings and questioned costs were discussed with Linda Fredrick, Property Manager, Patricia Roark, Office Manager, David Shelton, Board Chairman and other members of the staff, during the course of the audit and at the exit conference held February 19, 2016.

Finding 2015-001: Allowable Costs

CFDA #: 14.850 and 14.871

Contract number: C-2075 and C-2045

Year: 2015

Questioned Costs: \$15,126.82

Criteria and Requirement: The Department of Housing and Urban Development requires that all transactions related to federal expenditures be supported and documented. The Housing Authority's own internal control procedures require that invoices be supported by purchase orders and payments are to be made from original invoices.

Condition: During a detailed review of cash disbursements (40 check examined), no purchase orders were located. Additionally several other discrepancies and problems were noted:

- * four monthly (paid) credit card statements were not supported by receipts as required by Authority policies and sound internal controls. Total unsupported payments \$9,534.52
- * other vendor payments were made from monthly statements without any underlying invoices available for examination. Total unsupported payments \$2,844.55.
- * expenditures examined were not reasonable (a. a lift used for four machine hours but billed for more than 30 days \$1,245.00, b. vehicle body shop for repairs to an authority owned truck when damages were caused by employee while using the vehicle after hours \$902.75.
- * expenditures examined were not allowed costs - a donation to a community to support a festival (\$100.00) and contract labor paid to an individual that was an employee (\$500.00).
- * Food items were paid for, however, the purpose and allowability could not be determined \$347.00.

Effect: The allowability of expenditures made by the Housing Authority cannot be determined.

Cause: The Housing Authority did not follow the internal controls developed to insure that only allowable expenditures were processed and charged to federal programs.

Auditor's Recommendation: The Housing Authority should process payments to vendors only when all supporting documents (complete, accurate and original invoices) are available. Management and Board of Commissioners, who are the approved signatories over the disbursements should not sign/approve payments without this documentation. As required by policy all maintenance purchases must be initiated by an approved purchase order.

Planned Corrective Actions: The Housing Authority no longer pays any bills without complete, accurate and original documentation presented. The new project manager, Linda Fredrick will oversee the approval of all expenditures and the Board of Commissioners will not sign checks without the presentation of all required documents.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Section II - Financial Statement Findings (continued)

Finding 2015-002: Housing Voucher Program Administrative Fee Equity

CFDA #: 14.871

Contract number: C-2045

Year: 2015

Questioned costs: \$4,892.00

Criteria and Requirement: HUD provides the Housing Authority with Administrative Fee Subsidy to cover administrative/operating expenditures of the Housing Voucher Program.

Condition: At the end of the year, the Housing Choice Voucher Administrative Equity of the Housing Authority showed a deficit balance of \$4,892. Under HUD requirements, each housing authority is to administer the program within the budget (subsidy) provided.

Effect: The Housing Authority is operating the program with funds ‘borrowed’ from the Restricted HAP Equity or other programs which is prohibited.

Cause: The Housing Authority has failed to monitor expenses to ensure that the program was run efficiently and within the budget provided by HUD. The Housing Authority is not properly managing cash flows.

Auditor’s Recommendation: The Administration and the Board of the Housing Authority must monitor agency expenditures. The allocation of shared expenses should be closely scrutinized to assure that only necessary and reasonable expenditures are being approved

Planned Corrective Actions: We understand that the organization was inappropriately managing its Section 8 funds, specifically as it relates to Administrative dollars. The new management has begun to track administrative costs and income separate from program costs and income. This assists in insuring that expenditures are within the Administrative budget set by HUD and also assists in scrutinizing expenditures to insure they are necessary and reasonable. The new project manager, Linda Fredrick and Board of Commissioners are closely monitoring all Housing Choice Voucher expenditures to replenish the administrative equity and repay the restricted HAP equity.

Finding 2015-001 and Finding 2015-002 are also Federal Award Findings.

**KNOX COUNTY HOUSING AUTHORITY
BICKNELL, INDIANA**

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

Section III - Federal Award Findings and Questioned Costs

The following federal awards audit findings and questioned costs were discussed with Linda Fredrick, Property Manager, Patricia Roark, Office Manager, David Shelton, Board Chairman and other members of the staff, during the course of the audit and at the exit conference held February 19, 2016.

Finding 2015-003: Failure of Internal Controls

CFDA #: 14.850

Contract number: C-2075

Year: 2015

Questioned costs: none

Criteria and requirement: AU Section 325 indicates that the “failure of controls designed to safeguard assets from loss, damage, or misappropriation” should be regarded as a material weakness in internal controls.

Condition: The former executive director did not enforce the system of internal controls designed to safeguard the Housing Authority assets from damage and loss. A maintenance pickup truck was wrecked and later stolen by an employee that did not have a valid license to drive. It was later discovered that many maintenance tools and several items of inventory were also missing. The truck as well as some of smaller assets were subsequently recovered.

Effect: Assets belonging to the housing authority were lost and damaged.

Cause: There was a failure to enforce internal controls that were designed to safeguard housing authority assets from damage, loss or misappropriation.

Auditor’s Recommendation: I recommend that the Authority continue to monitor the internal controls over assets. During the audit, I noted that the former executive director had resigned and the employee accused of damaging and misappropriating assets had been terminated. The new members of management have implemented stronger internal controls that are designed to safeguard the assets.

Planned Corrective Actions: The Board of Commissioners acknowledges the finding and is following the auditor’s recommendation. The Authority has taken steps to recover some assets and will continue to monitor the new safeguards implemented.

Knox County Housing Authority (IN067)
BICKNELL, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted			\$2,669		\$2,669	\$2,669
112 Cash - Restricted - Modernization and Development	\$15,127				\$15,127	\$15,127
113 Cash - Other Restricted		\$21,186			\$21,186	\$21,186
114 Cash - Tenant Security Deposits	\$3,414		\$300		\$3,714	\$3,714
115 Cash - Restricted for Payment of Current Liabilities	\$1,208				\$1,208	\$1,208
100 Total Cash	\$19,749	\$21,186	\$2,969	\$0	\$43,904	\$43,904
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$2,193				\$2,193	\$2,193
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$2,541				\$2,541	\$2,541
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,734	\$0	\$0	\$0	\$4,734	\$4,734
131 Investments - Unrestricted						
132 Investments - Restricted	\$12,000				\$12,000	\$12,000
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets						
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$36,483	\$21,186	\$2,969	\$0	\$60,638	\$60,638
161 Land	\$1,002,773		\$4,400		\$1,007,173	\$1,007,173
162 Buildings	\$3,732,461		\$72,600		\$3,805,061	\$3,805,061
163 Furniture, Equipment & Machinery - Dwellings	\$145,751				\$145,751	\$145,751
164 Furniture, Equipment & Machinery - Administration	\$292,441	\$7,985		\$4,422	\$304,848	\$304,848
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$3,036,518	-\$4,789	-\$6,262	-\$4,422	-\$3,051,991	-\$3,051,991
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,136,908	\$3,196	\$70,738	\$0	\$2,210,842	\$2,210,842
171 Notes, Loans and Mortgages Receivable - Non-Current	\$18,958				\$18,958	\$18,958
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$2,155,866	\$3,196	\$70,738	\$0	\$2,229,800	\$2,229,800
200 Deferred Outflow of Resources	\$35,768	\$16,832			\$52,600	\$52,600
290 Total Assets and Deferred Outflow of Resources	\$2,228,117	\$41,214	\$73,707	\$0	\$2,343,038	\$2,343,038

Knox County Housing Authority (IN067)
BICKNELL, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$2,077				\$2,077	\$2,077
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$636	\$2,722			\$3,358	\$3,358
322 Accrued Compensated Absences - Current Portion	\$353	\$146			\$499	\$499
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits	\$23,650		\$300		\$23,950	\$23,950
342 Unearned Revenue	\$1,208				\$1,208	\$1,208
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$27,924	\$2,868	\$300	\$0	\$31,092	\$31,092
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$3,175	\$1,316			\$4,491	\$4,491
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$108,567	\$51,091			\$159,658	\$159,658
350 Total Non-Current Liabilities	\$111,742	\$52,407	\$0	\$0	\$164,149	\$164,149
300 Total Liabilities	\$139,666	\$55,275	\$300	\$0	\$195,241	\$195,241
400 Deferred Inflow of Resources	\$11,727	\$5,518			\$17,245	\$17,245
508.4 Net Investment in Capital Assets	\$2,136,908	\$3,196	\$70,738		\$2,210,842	\$2,210,842
511.4 Restricted Net Position		\$21,894			\$21,894	\$21,894
512.4 Unrestricted Net Position	-\$60,184	-\$44,669	\$2,669	\$0	-\$102,184	-\$102,184
513 Total Equity - Net Assets / Position	\$2,076,724	-\$19,579	\$73,407	\$0	\$2,130,552	\$2,130,552
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,228,117	\$41,214	\$73,707	\$0	\$2,343,038	\$2,343,038

Knox County Housing Authority (IN067)
BICKNELL, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	\$225,837		\$9,805		\$235,642	\$235,642
70400 Tenant Revenue - Other	\$26,210				\$26,210	\$26,210
70500 Total Tenant Revenue	\$252,047	\$0	\$9,805	\$0	\$261,852	\$261,852
70600 HUD PHA Operating Grants	\$266,024	\$1,249,286			\$1,515,310	\$1,515,310
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$955				\$955	\$955
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$13,350				\$13,350	\$13,350
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted	\$0				\$0	\$0
70000 Total Revenue	\$532,376	\$1,249,286	\$9,805	\$0	\$1,791,467	\$1,791,467
91100 Administrative Salaries	\$92,636	\$67,686			\$160,322	\$160,322
91200 Auditing Fees	\$9,970	\$4,985			\$14,955	\$14,955
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$57,232	\$48,876			\$106,108	\$106,108
91600 Office Expenses	\$5,869	\$1,909			\$7,778	\$7,778
91700 Legal Expense						
91800 Travel	\$10,775	\$4,708			\$15,483	\$15,483
91810 Allocated Overhead						
91900 Other	\$40,425	\$17,406	\$421	\$25	\$58,277	\$58,277
91000 Total Operating - Administrative	\$216,907	\$145,570	\$421	\$25	\$362,923	\$362,923
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs	\$7,798				\$7,798	\$7,798
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$1,546				\$1,546	\$1,546
92500 Total Tenant Services	\$9,344	\$0	\$0	\$0	\$9,344	\$9,344

Knox County Housing Authority (IN067)
BICKNELL, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	Total
93100 Water	\$38,326		\$893		\$39,219	\$39,219
93200 Electricity	\$65,452		\$2,661		\$68,113	\$68,113
93300 Gas	\$37,628				\$37,628	\$37,628
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$141,406	\$0	\$3,554	\$0	\$144,960	\$144,960
94100 Ordinary Maintenance and Operations - Labor	\$45,525				\$45,525	\$45,525
94200 Ordinary Maintenance and Operations - Materials and Other	\$31,647				\$31,647	\$31,647
94300 Ordinary Maintenance and Operations Contracts	\$9,859				\$9,859	\$9,859
94500 Employee Benefit Contributions - Ordinary Maintenance	\$521				\$521	\$521
94000 Total Maintenance	\$87,552	\$0	\$0	\$0	\$87,552	\$87,552
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$28,611				\$28,611	\$28,611
96120 Liability Insurance	\$2,239	\$4,806			\$7,045	\$7,045
96130 Workmen's Compensation	\$1,929	\$1,929			\$3,858	\$3,858
96140 All Other Insurance	\$5,979				\$5,979	\$5,979
96100 Total Insurance Premiums	\$38,758	\$6,735	\$0	\$0	\$45,493	\$45,493
96200 Other General Expenses	\$8,793	\$856	\$120		\$9,769	\$9,769
96210 Compensated Absences						
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$8,793	\$856	\$120	\$0	\$9,769	\$9,769
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$502,760	\$153,161	\$4,095	\$25	\$660,041	\$660,041
97000 Excess of Operating Revenue over Operating Expenses	\$29,616	\$1,096,125	\$5,710	-\$25	\$1,131,426	\$1,131,426

Knox County Housing Authority (IN067)
BICKNELL, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	Total
97100 Extraordinary Maintenance	\$22,471	\$285	\$32		\$22,788	\$22,788
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$1,182,546			\$1,182,546	\$1,182,546
97350 HAP Portability-In						
97400 Depreciation Expense	\$143,343	\$1,596	\$2,904		\$147,843	\$147,843
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$668,574	\$1,337,588	\$7,031	\$25	\$2,013,218	\$2,013,218
10010 Operating Transfer In	\$97,806	\$11,250			\$109,056	\$109,056
10020 Operating transfer Out	-\$97,806			-\$11,250	-\$109,056	-\$109,056
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In	\$6,799	\$5,800			\$12,599	\$12,599
10094 Transfers between Project and Program - Out			-\$11,574	-\$1,025	-\$12,599	-\$12,599
10100 Total Other financing Sources (Uses)	\$6,799	\$17,050	-\$11,574	-\$12,275	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$129,399	-\$71,252	-\$8,800	-\$12,300	-\$221,751	-\$221,751
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,271,884	\$82,620	\$82,207	\$12,300	\$2,449,011	\$2,449,011
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$65,761	-\$30,947			-\$96,708	-\$96,708
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		-\$41,473			-\$41,473	-\$41,473
11180 Housing Assistance Payments Equity		\$21,894			\$21,894	\$21,894
11190 Unit Months Available	874	4008	12		4894	4894
11210 Number of Unit Months Leased	866	3363	12		4241	4241
11270 Excess Cash	-\$60,464				-\$60,464	-\$60,464
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$145,940				\$145,940	\$145,940
11630 Furniture & Equipment - Dwelling Purchases	\$1,247				\$1,247	\$1,247
11640 Furniture & Equipment - Administrative Purchases	\$1,133				\$1,133	\$1,133
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