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February 10, 2017

Board of Commissioners
Housing Authority of the City of Huntingburg
1102 Friendship Village
Huntingburg, IN 47542

We have reviewed the audit report prepared by Goldie Roberts, CPA, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditors' Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Huntingburg, as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the 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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG

AUDITED FINANCIAL STATEMENTS

Huntingburg, Indiana

December 31, 2015

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

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Decatur, GA 30033
404-297-9881

HOUSING AUTHORITY
OF THE CITY OF HUNTINGBURG

Huntingburg, Indiana
December 31, 2015

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the
City of Huntingburg
1102 Friendship Village
Huntingburg, Indiana

I have audited the accompanying financial statements of the Housing Authority of the City of Huntingburg ("the Authority") which comprise the Statement of Net Position as of December 31, 2015, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Huntingburg's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 8, 2016 on my consideration of the Housing Authority of the City of Huntingburg's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Huntingburg's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
September 8, 2016

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Management's Discussion and Analysis

As management of the Housing Authority of the City of Huntingburg, 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 December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Heidi Reller, Executive Director of the Huntingburg Housing Authority at 812-683-2513.

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.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide Net Position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's Net Position and changes in them. One can think of the Authority's Net Position as the difference between what the Authority own's (assets) to what the Authority owes (liabilities). The change in Net Position analysis will assist the reader with measuring the health or financial position of the Authority.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Continued)

Over time, significant changes in the Authorities Net Position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of the City of Huntingburg:

Low Income Public Housing

The Housing Authority owns 50 units at 1 site in Huntingburg. The 50 units are separated into two areas, League Circle which is a family site with 20 units and Friendship Village which has 30 elderly units. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2015 that will significantly affect the Authority's Net Position either positively or negatively.

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position (Statement of Net Position)

Total Assets for FYE 2015 was \$617,482 and at FYE 2014 the amount was \$657,762. This represents a net decrease of \$ 40,280.

Cash decreased by \$11,849. This was due to less CFP operations money received in 2015.

Other Current Assets increased by \$675. Other current assets increased primarily as a result of increases in materials inventory and prepaid insurance.

Capital Assets decreased by \$28,968. The change in Capital Assets will be presented in the section entitled Analysis of Capital Asset Activity.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Continued)

Condensed Comparative Financial Statements

Current Liabilities decreased by \$22,382. The decrease in current liabilities was due to the accrual of construction project during the previous year

Non-Current Liabilities increased by \$32,050. Non-Current liabilities increased because of the recognition of the Authority's Pension Liabilities as required by changes in GASB requirements. The Authority also recognized deferred outflows and inflows of resources as required by the same standards

The table below illustrates our analysis:

| | <u>2015</u> | <u>2014</u> | <u>Net Change</u> | <u>Percent Variance</u> |
|--|--------------------------|--------------------------|---------------------------|-----------------------------|
| Cash | \$ 202,424 | \$ 214,273 | \$ (11,849) | -5.5% |
| Other Current Assets | 13,426 | 12,889 | 537 | 4.2% |
| Capital Assets | 401,632 | 430,600 | (28,968) | -6.7% |
| Deferred Outflows of Resources | 13,910 | 0 | 13,910 | 100.0% |
| Total Assets and Deferred Outflows of Resources | <u>\$ 631,392</u> | <u>\$ 657,762</u> | <u>\$ (40,280)</u> | <u>-6.1%</u> |
| Current Liabilities | \$ 34,922 | \$ 57,305 | \$ (22,383) | -39.1% |
| Non Current Liabilities | 33,115 | 1,065 | 32,050 | 3009.4% |
| Deferred Inflows of Resources | 3,103 | 0 | 3,103 | 100.0% |
| Total Assets and Deferred Inflows of Resources | <u>\$ 71,140</u> | <u>\$ 58,370</u> | <u>\$ 12,770</u> | <u>21.9%</u> |
| Investment in Capital Assets | \$ 401,632 | \$ 430,600 | \$ (28,968) | -6.7% |
| Unrestricted Net Position | 158,620 | 168,792 | (10,172) | -6.0% |
| Total Net Position | <u>\$ 560,252</u> | <u>\$ 599,392</u> | <u>\$ (39,140)</u> | <u>-6.5%</u> |

Analysis of Entity Wide Revenues (Statement of Activities)

Total Revenue for FYE 2015 was \$288,172 and at FYE 2014 the amount was \$332,091 for a decrease of \$43,919

Tenant Revenue increased by \$16,789 or 11%. Tenant revenue increased because of changing tenant characteristics and an overall increase in the amount of dwelling rental that the Authority could charge to its tenants.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Continued)

HUD Operating Grants decreased by \$61,766 or 36% because the Authority did not utilize more Capital Fund Program funding in fiscal year ending 2015 as compared to fiscal year ending 2014.

Other Income increased by \$986 or 34%.

Investment Income increased by \$72 or 19% because the interest rates the Authority obtained on its CD's has increased as compared to prior years.

| | <u>2015</u> | <u>2014</u> | <u>Net Change</u> | <u>Percentage Change</u> |
|----------------------|-------------------|-------------------|--------------------|--------------------------|
| Total Tenant Revenue | \$ 175,096 | \$ 158,307 | \$ 16,789 | 11% |
| HUD Operating Grants | 108,730 | 170,496 | (61,766) | -36% |
| Other Income | 3,894 | 2,908 | 986 | 34% |
| Investment Income | 452 | 380 | 72 | 19% |
| Total Revenue | <u>\$ 288,172</u> | <u>\$ 332,091</u> | <u>\$ (43,919)</u> | <u>-13%</u> |

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

| <u>Program</u> | <u>Revenues Generated</u> |
|-------------------------------------|---------------------------|
| Low Income Public Housing | \$ 265,696 |
| Public Housing Capital Fund Program | 22,476 |
| Total Revenue | <u>\$ 288,172</u> |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Continued)

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2015 were \$304,687 as compared to the \$343,096 of total expenditures for Fiscal Year Ending December 31, 2014. Comparatively, Fiscal Year Ending 2015 expenditures decreased by \$38,409 or 11% from Fiscal Year Ending 2014 expenditures. Changes by major expense category will be presented below.

Administrative expenditures decreased by \$2,104 or 1%. The decrease was primarily due to a decrease employee benefits and other administrative expenses.

Utilities expenses decreased by \$5,757 or 8%. Water and sewer expenses decreased because of decreasing rates and consumption.

Maintenance expenditures decreased by \$4,428 or 6%. Maintenance decreased because of a decrease in contract costs for routine maintenance activities.

Extraordinary Maintenance decreased by \$15,590 because of an emphasis on routine maintenance instead of extraordinary maintenance items.

The table below illustrates our analysis:

| | <u>2015</u> | <u>2014</u> | <u>Net Change</u> | <u>Percent Variances</u> |
|---------------------------|-------------------|-------------------|--------------------|--------------------------|
| Administrative | \$ 91,966 | \$ 94,070 | \$ (2,104) | -2% |
| Tenant Services | 491 | 97 | 394 | 406% |
| Utilities | 66,406 | 72,163 | (5,757) | -8% |
| Maintenance | 72,727 | 77,155 | (4,428) | -6% |
| General Expense | 22,511 | 33,916 | (11,405) | -34% |
| Extraordinary Maintenance | (4,916) | 10,674 | (15,590) | -146% |
| Depreciation Expense | 55,502 | 55,021 | 481 | 1% |
| Total Expenses | <u>\$ 304,687</u> | <u>\$ 343,096</u> | <u>\$ (38,409)</u> | <u>-11%</u> |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

(Continued)

Analysis of Capital Asset Activity

Buildings increased by \$81,649 or 3.6%. The Authority completed construction projects including the completion of a retaining wall and masonry repairs.

Furniture, Equipment, & Machinery-Administration remained the same. The Authority made no upgrades to any equipment or furniture

Construction in Process decreased by \$55,115 because the Authority capitalized completed construction in process during the fiscal year.

Accumulated Depreciation increased by \$55,502. This is the amount of depreciation expense recognized during the fiscal year.

| | <u>2015</u> | <u>2014</u> | <u>Net Change</u> | <u>Percent Variance</u> |
|---|-------------------|-------------------|--------------------|-----------------------------|
| Land | \$ 14,750 | \$ 14,750 | \$ - | 0.0% |
| Buildings | 2,373,218 | 2,291,569 | 81,649 | 3.6% |
| Furniture, Equip., & Mach. - Dwelling | 141,836 | 141,836 | 0 | 0.0% |
| Furniture, Equip., & Mach. - Administrative | 194,697 | 194,697 | 0 | 0.0% |
| Infrastructure | 108,120 | 108,120 | 0 | 0.0% |
| Construction in Process | 0 | 55,115 | (55,115) | -100.0% |
| Total Capital Assets | <u>2,832,621</u> | <u>2,806,087</u> | <u>26,534</u> | <u>0.9%</u> |
| Less: Accumulated Depreciation | 2,430,989 | 2,375,487 | 55,502 | 2.3% |
| Net Capital Assets | <u>\$ 401,632</u> | <u>\$ 430,600</u> | <u>\$ (28,968)</u> | <u>-6.7%</u> |

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

| | |
|--------------------------------------|------------|
| Cash and cash equivalents | \$ 188,896 |
| Restricted cash and cash equivalents | 13,528 |
| Accounts receivable, net | 600 |
| Prepaid insurance | 2,991 |
| Inventory | 9,835 |

Total Current Assets 215,850

CAPITAL ASSETS

| | |
|--------------------------------------|---------|
| Land and other nondepreciable assets | 14,750 |
| Depreciable capital assets, net | 386,882 |

Total Capital Assets 401,632

Total Assets 617,482

Deferred outflow of resources

| | |
|-----------------|--------|
| Pension related | 13,910 |
|-----------------|--------|

Total Assets and Deferred Outflow of Resources 631,392

CURRENT LIABILITIES

| | |
|---|--------|
| Accounts payable | 4,199 |
| Accrued liabilities | 17,195 |
| Payable from restricted cash and cash equivalents: | |
| Tenant's security deposits | 10,649 |
| Unearned revenue | 2,879 |

Total Current Liabilities 34,922

NONCURRENT LIABILITIES

| | |
|-----------------------|--------|
| Compensated absences | 939 |
| Net Pension Liability | 32,176 |

Total Noncurrent Liabilities 33,115

Total Liabilities 68,037

Deferred inflow of resources

| | |
|-----------------|-------|
| Pension related | 3,103 |
|-----------------|-------|

NET POSITION

| | |
|------------------------------|---------|
| Investment in capital assets | 401,632 |
| Unrestricted | 158,620 |

TOTAL NET POSITION \$ 560,252

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES

| | |
|---------------|------------|
| Rental income | \$ 175,096 |
| Other revenue | 3,894 |

| | |
|--------------------------|---------|
| TOTAL OPERATING REVENUES | 178,990 |
|--------------------------|---------|

OPERATING EXPENSES

| | |
|---------------------------------------|--------|
| Administrative | 91,966 |
| Tenant services | 491 |
| Utilities | 66,406 |
| Ordinary maintenance and operation | 67,811 |
| General expense | 22,511 |
| Depreciation expense | 55,502 |

| | |
|--------------------------|---------|
| TOTAL OPERATING EXPENSES | 304,687 |
|--------------------------|---------|

| | |
|-------------------------|-----------|
| OPERATING INCOME (LOSS) | (125,697) |
|-------------------------|-----------|

NONOPERATING REVENUES (EXPENSES)

| | |
|--------------------------|---------|
| Federal operating grants | 108,730 |
| Interest income | 452 |

| | |
|-----------------------------|---------|
| TOTAL NONOPERATING REVENUES | 109,182 |
|-----------------------------|---------|

| | |
|------------------------|----------|
| CHANGE IN NET POSITION | (16,515) |
|------------------------|----------|

| | |
|---|---------|
| NET POSITION, BEGINNING OF YEAR, as originally stated | 599,392 |
|---|---------|

| | |
|--------------------------------|----------|
| Change in accounting principle | (22,625) |
|--------------------------------|----------|

| | |
|---|---------|
| TOTAL NET POSITION - BEGINNING OF YEAR, as restated | 576,767 |
|---|---------|

| | |
|---------------------------|------------|
| NET POSITION, END OF YEAR | \$ 560,252 |
|---------------------------|------------|

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|---------------------|
| Receipts from residents and other deposits | \$ | 174,958 |
| Payments to suppliers | | (206,859) |
| Payments to/for employees | | <u>(66,766)</u> |
| Net Cash Flows Provided (Used) by Operating Activities | | <u>(94,497)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|------------|
| Interest income | | <u>452</u> |
| Net Cash Provided by Investing Activities | | 452 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | |
|---|--|---------------------|
| Capital assets purchased | | <u>(26,534)</u> |
| Net Cash Provided (Used) from Capital and Related Financing Activities | | <u>(26,534)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|--|--------------------|
| Federal operating grants received | | <u>108,730</u> |
| Net Cash Flows Provided by Noncapital Financing Activities | | <u>108,730</u> |

Net Increase (Decrease) in Cash and Cash Equivalents (11,849)

Beginning Cash and Cash
Cash - Beginning of year 214,273

Ending Cash and Cash
Cash - End of year \$ 202,424

Reconciliation of Cash

| | | |
|--------------|----|-----------------------|
| Unrestricted | \$ | 188,896 |
| Restricted | | <u>13,528</u> |
| | \$ | <u><u>202,424</u></u> |

Continued

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

| | | |
|---|----|-----------------|
| Operating income (loss) | \$ | (125,697) |
| Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities: | | |
| Depreciation | | 55,502 |
| (Increase) Decrease in: | | |
| Accounts receivable | | 138 |
| Prepaid expenses | | (92) |
| Inventory | | (583) |
| Increase (Decrease) in: | | |
| Accounts payable | | 3,154 |
| Accrued liabilities | | (27,925) |
| Unearned revenue | | 1,006 |
| | | <hr/> |
| Net Cash Flows Provided (Used) by Operating Activities | \$ | <u>(94,497)</u> |

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - Summary of Significant Accounting Policies:

The HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG ("the Authority") is a political subdivision both corporate and politic which was organized under the laws of the State of Indiana to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other Federal Agencies to be the Administrator of a Public Housing Program.

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Huntingburg, a primary government. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG include Low-Income Public Housing under Annual Contributions Contract C-543.

The authority had 50 units in management at December 31, 2015:

| <u>Project</u> | <u>Units</u> |
|-----------------|--------------|
| Authority owned | 50 |

The authority was also administering Capital Fund Programs.

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

The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB's issued on or before, November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

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

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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

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

Cash and Cash Equivalents - Deposits consist of checking accounts, Money Market accounts and Certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchases and non negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

Tenant Receivables - Receivables for rentals and service charges are reported net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific uncollectable accounts receivable balances.

Prepaid - Prepays, when present, represent payments made to vendors for services that will benefit beyond December 31, 2015.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

Interprogram Due From and Due To - During the course of its operations, the authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer had not been made as of the balance sheet date. Interprogram receivables and payables have been eliminated for financial statement presentation.

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. The Authority's policy is to capitalize assets costing \$500 or more.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

| <u>Class</u> | <u>Life</u> |
|---------------------------------|-------------|
| Building & Improvements | 15-40 years |
| Furniture, Equipment & Fixtures | 3-7 years |

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

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

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

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted resources as they are allowed.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Income associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

Deposits, made in accordance with State statute (IC 5-13), with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any Federal deposit insurance agency.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2015, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

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

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

Deposits made in accordance with state statute (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any federal deposit insurance agency.

At December 31, 2015, the carrying amount of the Authority's deposits was \$202,424. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

| | |
|-------------------------|-------------------|
| Checking accounts | \$ 96,622 |
| Certificates of Deposit | <u>105,802</u> |
| Total | <u>\$ 202,424</u> |

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2015, consist of the following:

| | |
|---|---------------|
| Tenants accounts receivable - | |
| Net of allowance for doubtful accounts of \$984 | \$ 457 |
| Accrued interest | <u>143</u> |
| Total | <u>\$ 600</u> |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at December 31, 2015, consist of the following:

Prepaid insurance \$ 2,991

NOTE E - Inventory:

Inventory at December 31, 2015, consist of the following:

Materials and supplies \$ 9,835

Materials inventories are recorded at the lower of cost or market. The first-in first-out (FIFO) inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

| | <u>Beginning Balance 12/31/14</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance 12/31/15</u> |
|---|---|------------------|------------------|------------------|--|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 14,750 | \$ 0 | \$ 0 | \$ 0 | \$ 14,750 |
| Construction in Progress | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Capital Assets, Not being depreciated | <u>14,750</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>14,750</u> |
| Capital Assets, being depreciated: | | | | | |
| Buildings & Improvements | 2,399,689 | 81,649 | 0 | 0 | 2,481,338 |
| Furniture, Equipment & Machinery | <u>336,533</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>336,533</u> |
| Total Capital Assets, being depreciated | <u>2,736,222</u> | <u>81,649</u> | <u>0</u> | <u>0</u> | <u>2,817,871</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings & Improvements | (2,069,617) | (44,117) | 0 | 0 | (2,113,734) |
| Furniture, Equipment and Machinery | <u>(305,870)</u> | <u>(11,384)</u> | <u>0</u> | <u>0</u> | <u>(317,254)</u> |
| Total Accumulated Depreciation: | <u>(2,375,487)</u> | <u>(55,501)</u> | <u>0</u> | <u>0</u> | <u>(2,430,988)</u> |
| Total Capital Assets, being depreciated, net | <u>360,735</u> | <u>26,148</u> | <u>0</u> | <u>0</u> | <u>386,883</u> |
| Capital Assets, Net | <u>\$ 375,485</u> | <u>\$ 26,148</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 401,632</u> |

Depreciation expense for the year ended December 31, 2015, was \$55,501.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE G - Accounts Payable:

Accounts payable at December 31, 2015, consist of the following:

| | |
|--------------------------|-----------------|
| Vendors' and contractors | <u>\$ 4,199</u> |
|--------------------------|-----------------|

NOTE H - Accrued Liabilities:

Accrued liabilities at December 31, 2015, consist of the following:

| | |
|------------------------------|----------------------|
| Payment in lieu of taxes | \$ 9,180 |
| Accrued Wages | 47 |
| Accrued compensated absences | 104 |
| Accrued Utilities | <u>7,864</u> |
| Total | <u>\$ 17,195</u> |

NOTE I - Unearned revenue:

Unearned revenue at December 31, 2015, consists of the following:

| | |
|-----------------------------|---------------------|
| Prepaid Rent | \$ 994 |
| Huntingburg Assistance Fund | <u>1,885</u> |
| Total | <u>\$ 2,879</u> |

NOTE J - Noncurrent Liabilities:

Noncurrent liabilities at December 31, 2015, consist of the following:

| | <u>12/31/14</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/15</u> | <u>Due within one year</u> | <u>Total due</u> |
|------------------------------|----------------------|------------------|-------------------|----------------------|--------------------------------|----------------------|
| Accrued compensated absences | \$ 1,183 | \$ 0 | \$ 244 | \$ 939 | \$ 104 | \$ 1,043 |
| Net pension liability | <u>32,176</u> | <u>0</u> | <u>0</u> | <u>32,176</u> | <u>0</u> | <u>32,176</u> |
| Total | <u>\$ 33,359</u> | <u>\$ 0</u> | <u>\$ 244</u> | <u>\$ 33,115</u> | <u>\$ 104</u> | <u>\$ 33,219</u> |

NOTE K - Federal Operating Grants:

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

| | |
|-------------------------|-----------------------|
| Low Rent Public Housing | \$ 86,254 |
| Capital Fund Program | <u>22,476</u> |
| Total | <u>\$ 108,730</u> |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(Continued)

NOTE L - Pension Plan:

Description of Pension Plan

The Housing Authority of the City of Huntingburg (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

Members include officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old and shows age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The PERF Hybrid Plan also provides disability and survivor benefits.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE L - Pension Plan: (Continued)

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2015, all participating employers contributed an average rate of 11.03% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended December 31, 2015 was \$1,853. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

The allocation percentages for the Housing Authority's share of the collective pension amounts as of June 30, 2015 and 2014 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2015.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the Authority's proportionate share was 0.0000079%.

Net Pension Liability

At June 30, 2015, the Authority reported a liability of \$32,176. The proportionate share of the liability as of June 30, 2014 was \$19,972, which was not required to be reported in the previous year.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, was determined using member census data as of June 30, 2015 and adjusted, as appropriate. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014 to the June 30, 2015 measurement date.

Key methods and assumptions used in calculating the total pension liability are presented below:

| | |
|---|---|
| Price inflation | 2.25% |
| Wage inflation | 1.00% |
| Salary increases, including wage increases | 2.50% to 4.25%, including inflation |
| Long-Term rate of return, net of investment expense, and including price inflation | 6.75% |

Mortality rates were based on the RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2016.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE L - Pension Plan: (Continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending June 30, 2010.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized on the following page:

| Asset Class | Long-Term Target Allocations | Long-Term Expected Real Rate of Return |
|-------------------------------------|------------------------------------|---|
| Public equity | 22.5% | 5.3% |
| Private equity | 10.0% | 5.6% |
| Fixed Income-Ex Inflation-Linked | 22.0% | 2.1% |
| Fixed Income - Inflation-Linked | 10.0% | 0.7% |
| Real estate | 7.5% | 3.0% |
| Commodities | 8.0% | 2.0% |
| Absolute Return | 10.0% | 3.9% |
| Risk Parity | 10.0% | 5.0% |
| Total | 100% | |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers would be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE L - Pension Plan: (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| 1% Decrease (5.75%) | Discount rate (6.75%) | 1% Increase (7.75%) |
|---------------------------|--------------------------|---------------------------|
| \$47,462 | \$32,176 | \$19,485 |

Pension Expense

For the year ended December 31, 2015, the Housing Authority recognized pension expense of \$12,204, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

| | Deferred outflows of resources | Deferred inflows of resources |
|---|--------------------------------------|-------------------------------------|
| Differences between actual and expected experience | \$1,381 | \$67 |
| Net differences between projected and actual investment earnings on pension plan investments | \$5,425 | \$3,026 |
| Change of assumptions | \$2,720 | \$0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$1,628 | \$10 |
| Contributions made after plan year end (measurement date) | \$2,756 | \$0 |
| Total | \$13,910 | \$3,103 |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE L - Pension Plan: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in the following years:

| Amortization of net deferred outflows/(inflows) of resources - debit/(credit) | |
|---|---------|
| 2016 | \$2,697 |
| 2017 | \$2,697 |
| 2018 | \$1,302 |
| 2019 | \$1,355 |
| 2020 | \$0 |
| Thereafter | \$0 |
| Total | \$8,051 |

The information presented above has not been audited.

NOTE M - Economic Dependency:

The Authority receives approximately 51% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE N - Commitments and Contingencies:

Examinations - The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2015.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects - There are certain major construction projects in progress at December 31, 2015. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE O - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE P - Conduit Type Debt:

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

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE Q - Change in Accounting Principle and Restatement of Net Position

For 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2015:

GASB Statements Nos. 68 and 71 Adjustments to Net Position:

| | |
|-------------------------------|--------------------|
| Net Pension Liability | \$ (19,972) |
| Deferred Inflow | (3,985) |
| Deferred Outflow | 1,332 |
| Total Prior Period Adjustment | <u>\$ (22,625)</u> |

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

Schedule of the Authority's Proportionate Share of the Net Pension Liability

INPRS Pension Plan
Last Ten Fiscal Years*

| | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|
| Housing Authority of the City of Huntingburg proportion of the net pension liability | .0000076 | .0000079 |
| Housing Authority of the City of Huntingburg proportionate share of the net pension liability | \$19,972 | \$32,176 |
| Housing Authority of the City of Huntingburg covered employee payroll | \$37,005 | \$37,894 |
| Housing Authority of the City of Huntingburg proportionate share of the net pension liability as a percentage of it's covered employee payroll | .539711 | .849105 |

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

| | <u>2014</u> | <u>2015</u> |
|--|-----------------|-----------------|
| Contractually required contribution | \$ 3,923 | \$ 4,244 |
| Contributions in relation to the contractually required contribution | <u>\$ 3,923</u> | <u>\$ 4,244</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> |
| Housing Authority of the City of Huntingburg covered employee payroll | \$ 37,005 | \$ 37,894 |
| Contributions as a percentage of covered employee payroll | 10.6% | 11.2% |

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2015

| | A C C | | |
|---|------------------------------------|-----------------------------|-------------------|
| | C-543 | C-543 | |
| | Low Income Public Housing | Capital Fund Programs | |
| <u>ASSETS</u> | | | |
| <u>CURRENT ASSETS</u> | | | |
| Cash and cash equivalents | \$ 188,896 | \$ 0 | \$ 188,896 |
| Restricted cash and cash equivalents | 13,528 | 0 | 13,528 |
| Accounts receivable, net | 600 | 0 | 600 |
| Prepaid insurance | 2,991 | 0 | 2,991 |
| Inventory | 9,835 | 0 | 9,835 |
| Total Current Assets | 215,850 | 0 | 215,850 |
| <u>CAPITAL ASSETS</u> | | | |
| Land and other nondepreciable assets | 14,750 | 0 | 14,750 |
| Depreciable capital assets, net | 386,882 | 0 | 386,882 |
| Total Capital Assets | 401,632 | 0 | 401,632 |
| Total Assets | 617,482 | 0 | 617,482 |
| <u>Deferred outflow of resources</u> | | | |
| Pension related | 13,910 | 0 | 13,910 |
| Total Assets and Deferred Outflow of Resources | 631,392 | 0 | 631,392 |
| <u>LIABILITIES</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts payable | 4,199 | 0 | 4,199 |
| Accrued liabilities | 17,195 | 0 | 17,195 |
| Payable from restricted cash and cash equivalents: | | | |
| Tenant's security deposits | 10,649 | 0 | 10,649 |
| Unearned revenue | 2,879 | 0 | 2,879 |
| Total Current Liabilities | 34,922 | 0 | 34,922 |
| <u>NONCURRENT LIABILITIES</u> | | | |
| Compensated absences | 939 | 0 | 939 |
| Net pension liability | 32,176 | 0 | 32,176 |
| Total Noncurrent Liabilities | 33,115 | 0 | 33,115 |
| Total Liabilities | 68,037 | 0 | 68,037 |
| <u>Deferred inflow of resources</u> | | | |
| Pension related | 3,103 | 0 | 3,103 |
| <u>NET POSITION</u> | | | |
| Investment in capital assets | 401,632 | 0 | 401,632 |
| Unrestricted | 158,620 | 0 | 158,620 |
| TOTAL NET POSITION | \$ 560,252 | \$ 0 | \$ 560,252 |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>C-543</u> | <u>C-543</u> | |
|--|---------------------------------|-----------------------------|-------------------|
| | Low Income Public Housing | Capital Fund Programs | Total |
| <u>OPERATING REVENUES</u> | | | |
| Rental income | \$ 175,096 | \$ 0 | \$ 175,096 |
| Other revenue | 3,894 | 0 | 3,894 |
| TOTAL OPERATING REVENUES | 178,990 | 0 | 178,990 |
| <u>OPERATING EXPENSES</u> | | | |
| Administrative | 91,966 | 0 | 91,966 |
| Tenant Services | 491 | 0 | 491 |
| Utilities | 66,406 | 0 | 66,406 |
| Ordinary maintenance and operation | 67,811 | 0 | 67,811 |
| General expense | 22,511 | 0 | 22,511 |
| Depreciation expense | 55,502 | 0 | 55,502 |
| TOTAL OPERATING EXPENSES | 304,687 | 0 | 304,687 |
| OPERATING INCOME (LOSS) | (125,697) | 0 | (125,697) |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | | |
| Federal operating grants | 86,234 | 22,496 | 108,730 |
| Interest income | 452 | 0 | 452 |
| TOTAL NONOPERATING REVENUES | 86,686 | 22,496 | 109,182 |
| CHANGE IN NET POSITION | (39,011) | 22,496 | (16,515) |
| NET POSITION, BEGINNING OF YEAR, as originally stated | 599,392 | 0 | 599,392 |
| Change in accounting principle | (129) | (22,496) | (22,625) |
| NET POSITION, BEGINNING OF YEAR, as restated | 599,263 | (22,496) | 576,767 |
| NET POSITION, END OF YEAR | \$ 560,252 | \$ 0 | \$ 560,252 |

Housing Authority of the City of Huntingburg (IN028)
HUNTINGBURG, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2015

| | Project Total | Subtotal | Total |
|---|---------------|--------------|--------------|
| 111 Cash - Unrestricted | \$188,896 | \$188,896 | \$188,896 |
| 112 Cash - Restricted - Modernization and Development | | | |
| 113 Cash - Other Restricted | | | |
| 114 Cash - Tenant Security Deposits | \$10,649 | \$10,649 | \$10,649 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$2,879 | \$2,879 | \$2,879 |
| 100 Total Cash | \$202,424 | \$202,424 | \$202,424 |
| 121 Accounts Receivable - PHA Projects | | | |
| 122 Accounts Receivable - HUD Other Projects | | | |
| 124 Accounts Receivable - Other Government | | | |
| 125 Accounts Receivable - Miscellaneous | | | |
| 126 Accounts Receivable - Tenants | \$1,441 | \$1,441 | \$1,441 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$984 | -\$984 | -\$984 |
| 126.2 Allowance for Doubtful Accounts - Other | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | |
| 128 Fraud Recovery | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | |
| 129 Accrued Interest Receivable | \$143 | \$143 | \$143 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$600 | \$600 | \$600 |
| 131 Investments - Unrestricted | | | |
| 132 Investments - Restricted | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | |
| 142 Prepaid Expenses and Other Assets | \$2,991 | \$2,991 | \$2,991 |
| 143 Inventories | \$9,835 | \$9,835 | \$9,835 |
| 143.1 Allowance for Obsolete Inventories | \$0 | \$0 | \$0 |
| 144 Inter Program Due From | | | |
| 145 Assets Held for Sale | | | |
| 150 Total Current Assets | \$215,850 | \$215,850 | \$215,850 |
| 161 Land | \$14,750 | \$14,750 | \$14,750 |
| 162 Buildings | \$2,373,218 | \$2,373,218 | \$2,373,218 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$141,836 | \$141,836 | \$141,836 |
| 164 Furniture, Equipment & Machinery - Administration | \$194,697 | \$194,697 | \$194,697 |
| 165 Leasehold Improvements | | | |
| 166 Accumulated Depreciation | -\$2,430,989 | -\$2,430,989 | -\$2,430,989 |
| 167 Construction in Progress | | | |
| 168 Infrastructure | \$108,120 | \$108,120 | \$108,120 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$401,632 | \$401,632 | \$401,632 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | |
| 173 Grants Receivable - Non Current | | | |
| 174 Other Assets | | | |
| 176 Investments in Joint Ventures | | | |
| 180 Total Non-Current Assets | \$401,632 | \$401,632 | \$401,632 |
| 200 Deferred Outflow of Resources | \$13,910 | \$13,910 | \$13,910 |
| 290 Total Assets and Deferred Outflow of Resources | \$631,392 | \$631,392 | \$631,392 |

| | | | |
|---|-----------|-----------|-----------|
| 311 Bank Overdraft | | | |
| 312 Accounts Payable <= 90 Days | \$4,199 | \$4,199 | \$4,199 |
| 313 Accounts Payable >90 Days Past Due | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$47 | \$47 | \$47 |
| 322 Accrued Compensated Absences - Current Portion | \$104 | \$104 | \$104 |
| 324 Accrued Contingency Liability | | | |
| 325 Accrued Interest Payable | | | |
| 331 Accounts Payable - HUD PHA Programs | | | |
| 332 Account Payable - PHA Projects | | | |
| 333 Accounts Payable - Other Government | \$9,180 | \$9,180 | \$9,180 |
| 341 Tenant Security Deposits | \$10,649 | \$10,649 | \$10,649 |
| 342 Unearned Revenue | \$2,879 | \$2,879 | \$2,879 |
| 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 | \$7,864 | \$7,864 | \$7,864 |
| 347 Inter Program - Due To | | | |
| 348 Loan Liability - Current | | | |
| 310 Total Current Liabilities | \$34,922 | \$34,922 | \$34,922 |
| 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 | \$939 | \$939 | \$939 |
| 355 Loan Liability - Non Current | | | |
| 356 FASB 5 Liabilities | | | |
| 357 Accrued Pension and OPEB Liabilities | \$32,176 | \$32,176 | \$32,176 |
| 350 Total Non-Current Liabilities | \$33,115 | \$33,115 | \$33,115 |
| 300 Total Liabilities | \$68,037 | \$68,037 | \$68,037 |
| 400 Deferred Inflow of Resources | \$3,103 | \$3,103 | \$3,103 |
| 508.4 Net Investment in Capital Assets | \$401,632 | \$401,632 | \$401,632 |
| 511.4 Restricted Net Position | | | |
| 512.4 Unrestricted Net Position | \$158,620 | \$158,620 | \$158,620 |
| 513 Total Equity - Net Assets / Position | \$560,252 | \$560,252 | \$560,252 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$631,392 | \$631,392 | \$631,392 |

Housing Authority of the City of Huntingburg (IN028)
HUNTINGBURG, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2015

| | Project Total | Subtotal | Total |
|---|---------------|-----------|-----------|
| 70300 Net Tenant Rental Revenue | \$154,670 | \$154,670 | \$154,670 |
| 70400 Tenant Revenue - Other | \$20,426 | \$20,426 | \$20,426 |
| 70500 Total Tenant Revenue | \$175,096 | \$175,096 | \$175,096 |
| 70600 HUD PHA Operating Grants | \$108,730 | \$108,730 | \$108,730 |
| 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 | \$452 | \$452 | \$452 |
| 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 | \$3,894 | \$3,894 | \$3,894 |
| 71600 Gain or Loss on Sale of Capital Assets | | | |
| 72000 Investment Income - Restricted | | | |
| 70000 Total Revenue | \$288,172 | \$288,172 | \$288,172 |
| 91100 Administrative Salaries | \$38,469 | \$38,469 | \$38,469 |
| 91200 Auditing Fees | \$4,563 | \$4,563 | \$4,563 |
| 91300 Management Fee | | | |
| 91310 Book-keeping Fee | | | |
| 91400 Advertising and Marketing | | | |
| 91500 Employee Benefit contributions - Administrative | \$10,922 | \$10,922 | \$10,922 |
| 91600 Office Expenses | \$7,043 | \$7,043 | \$7,043 |
| 91700 Legal Expense | | | |
| 91800 Travel | \$2,360 | \$2,360 | \$2,360 |
| 91810 Allocated Overhead | | | |
| 91900 Other | \$28,609 | \$28,609 | \$28,609 |
| 91000 Total Operating - Administrative | \$91,966 | \$91,966 | \$91,966 |
| 92000 Asset Management Fee | | | |
| 92100 Tenant Services - Salaries | | | |
| 92200 Relocation Costs | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | |
| 92400 Tenant Services - Other | \$491 | \$491 | \$491 |
| 92500 Total Tenant Services | \$491 | \$491 | \$491 |
| 93100 Water | \$13,588 | \$13,588 | \$13,588 |
| 93200 Electricity | \$21,297 | \$21,297 | \$21,297 |
| 93300 Gas | \$14,926 | \$14,926 | \$14,926 |
| 93400 Fuel | | | |
| 93500 Labor | | | |
| 93600 Sewer | \$16,595 | \$16,595 | \$16,595 |
| 93700 Employee Benefit Contributions - Utilities | | | |
| 93800 Other Utilities Expense | | | |
| 93000 Total Utilities | \$66,406 | \$66,406 | \$66,406 |

| | | | |
|--|-----------|-----------|-----------|
| 94100 Ordinary Maintenance and Operations - Labor | \$13,197 | \$13,197 | \$13,197 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$9,625 | \$9,625 | \$9,625 |
| 94300 Ordinary Maintenance and Operations Contracts | \$45,727 | \$45,727 | \$45,727 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$4,178 | \$4,178 | \$4,178 |
| 94000 Total Maintenance | \$72,727 | \$72,727 | \$72,727 |
| 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 |
| 96110 Property Insurance | | | |
| 96120 Liability Insurance | | | |
| 96130 Workmen's Compensation | | | |
| 96140 All Other Insurance | \$24,532 | \$24,532 | \$24,532 |
| 96100 Total insurance Premiums | \$24,532 | \$24,532 | \$24,532 |
| 96200 Other General Expenses | | | |
| 96210 Compensated Absences | -\$139 | -\$139 | -\$139 |
| 96300 Payments in Lieu of Taxes | -\$5,089 | -\$5,089 | -\$5,089 |
| 96400 Bad debt - Tenant Rents | \$3,207 | \$3,207 | \$3,207 |
| 96500 Bad debt - Mortgages | | | |
| 96600 Bad debt - Other | | | |
| 96800 Severance Expense | | | |
| 96000 Total Other General Expenses | -\$2,021 | -\$2,021 | -\$2,021 |
| 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 |
| 96900 Total Operating Expenses | \$254,101 | \$254,101 | \$254,101 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$34,071 | \$34,071 | \$34,071 |
| 97100 Extraordinary Maintenance | -\$4,916 | -\$4,916 | -\$4,916 |
| 97200 Casualty Losses - Non-capitalized | | | |
| 97300 Housing Assistance Payments | | | |
| 97350 HAP Portability-In | | | |
| 97400 Depreciation Expense | \$55,502 | \$55,502 | \$55,502 |
| 97500 Fraud Losses | | | |
| 97600 Capital Outlays - Governmental Funds | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | |
| 97800 Dwelling Units Rent Expense | | | |
| 90000 Total Expenses | \$304,687 | \$304,687 | \$304,687 |
| 10010 Operating Transfer In | \$22,476 | \$22,476 | \$22,476 |
| 10020 Operating transfer Out | -\$22,476 | -\$22,476 | -\$22,476 |
| 10030 Operating Transfers from/to Primary Government | | | |
| 10040 Operating Transfers from/to Component Unit | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | |
| 10060 Proceeds from Property Sales | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | |
| 10080 Special Items (Net Gain/Loss) | | | |
| 10091 Inter Project Excess Cash Transfer In | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | |
| 10093 Transfers between Program and Project - In | | | |
| 10094 Transfers between Project and Program - Out | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$16,515 | -\$16,515 | -\$16,515 |

| | | | |
|---|-----------|-----------|-----------|
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$599,392 | \$599,392 | \$599,392 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | -\$22,625 | -\$22,625 | -\$22,625 |
| 11050 Changes in Compensated Absence Balance | | | |
| 11060 Changes in Contingent Liability Balance | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | |
| 11170 Administrative Fee Equity | | | |
| 11180 Housing Assistance Payments Equity | | | |
| 11190 Unit Months Available | 600 | 600 | 600 |
| 11210 Number of Unit Months Leased | 593 | 593 | 593 |
| 11270 Excess Cash | \$146,927 | \$146,927 | \$146,927 |
| 11610 Land Purchases | \$0 | \$0 | \$0 |
| 11620 Building Purchases | \$0 | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | \$0 | \$0 |
| 11660 Infrastructure Purchases | \$0 | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | \$0 | \$0 |

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report On Internal Control Over Financial Reporting and on Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Huntingburg
1102 Friendship Village
Huntingburg, 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 Housing Authority of the City of Huntingburg, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Huntingburg's basic financial statements and have issued my report thereon dated September 8, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Huntingburg's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

Goldie Roberts
Certified Public Accountant

Fredericksburg, Indiana
September 8, 2016

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

DECEMBER 31, 2015

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT AUDIT FINDINGS

No matters were reported.