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February 23, 2016

Board of Commissioners  
Housing Authority of Marion  
601 South Adams Street  
Marion, IN 46953

We have reviewed the audit report prepared by Yeager & Boyd, LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of Marion, as of June 30, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's 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

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA  
REPORT ON EXAMINATION  
OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
YEAR ENDED JUNE 30, 2014

THE HOUSING AUTHORITY OF MARION

MARION, INDIANA

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Board of Commissioners  
The Housing Authority of Marion  
Marion, Indiana

INDEPENDENT AUDITORS' REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of The Housing Authority of Marion as of and for the year ended June 30, 2014, and the related notes to the 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 design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2014, and the respective 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***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for the Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying Summary Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. 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 basic financial statements.

The Financial Data Schedule, supplementary data and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data 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 data 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2014 on our consideration of the Authority's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Birmingham, Alabama  
December 4, 2014

*Yeager & Boyd*

Yeager & Boyd

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

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 AUDITORS' REPORT

Board of Commissioners  
The Housing Authority of Marion  
Marion, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 4, 2014.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

We noted certain matters that we reported to management of the Authority in a separate letter dated December 4, 2014.

***Purpose of this Report***

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

Birmingham, Alabama  
December 4, 2014

Yeager & Bond

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
The Housing Authority of Marion  
Marion, Indiana

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

We have audited the 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 the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Program***

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with *OMB Circular A-133*.

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

Management of the 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 our audit of compliance, we considered the 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, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* 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, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

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

Yeager & Bond

Birmingham, Alabama  
December 4, 2014

**THE HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2014**

The Housing Authority of the City of Marion's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased \$348,743 in 2014. Net Position was \$8,541,517 and \$8,192,774 for 2013 and 2014 respectively.
- Revenues decreased \$248,157 during 2014, and were \$5,140,206 and \$4,892,049 for 2013 and 2014 respectively.
- Total expenses decreased \$47,147 during 2014, and were \$5,287,939 and \$5,240,792 for 2013 and 2014 respectively.

## USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

### MD&A

~ Management's Discussion  
and Analysis ~

### Basic Financial Statements

~ Authority-wide Financial Statements ~  
~ Notes to Financial Statements ~

### Other Required Supplementary Information

~ Required Supplementary Information ~  
(Other than the MD&A)

## Authority-Wide Financial Statements

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

### **Statement of Net Position**

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

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

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

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

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

### **Statement of Revenues, Expenses, and Changes in Net Position**

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

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

### **Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

## The Authority's Programs

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

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – a grant program funded by the Department of Housing and Urban Development as the primary sources of funding for physical and management improvements to the Authority's properties.

Central Office Cost Center (COCC) – As part of its conversion to Asset Management, the Authority established the COCC to manage and oversee the operations of the Public Housing Developments and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

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

Section 8 New Construction - The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

Other smaller programs are:

- State and Local
- Business Activities
- Resident Opportunity Supportive Services
- Blended Component Unit

## AUTHORITY-WIDE STATEMENTS

### Statement of Net Position

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

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Assets:			
Current & Restricted Assets	\$ 1,550,029	\$ 1,700,009	\$ (149,980)
Capital Assets	<u>9,673,754</u>	<u>9,984,008</u>	<u>(310,254)</u>
<b>Total Assets</b>	<b><u>\$ 11,223,783</u></b>	<b><u>\$ 11,684,017</u></b>	<b><u>\$ (460,234)</u></b>
Liabilities:			
Current Liabilities	\$ 562,052	\$ 538,610	\$ 23,442
Non Current Liabilities	<u>2,468,957</u>	<u>2,603,890</u>	<u>(134,933)</u>
<b>Total Liabilities</b>	<b><u>\$ 3,031,009</u></b>	<b><u>\$ 3,142,500</u></b>	<b><u>\$ (111,491)</u></b>
Net Position:			
Net Investment in Capital Assets	\$ 7,215,561	\$ 7,348,943	\$ (133,382)
Restricted Net Position	56,292	180,680	(124,388)
Unrestricted Net Position	<u>920,921</u>	<u>1,011,894</u>	<u>(90,973)</u>
<b>Total Net Position</b>	<b><u>\$ 8,192,774</u></b>	<b><u>\$ 8,541,517</u></b>	<b><u>\$ (348,743)</u></b>

### Major Factors Affecting the Statement of Net Position

During 2014, current and restricted assets decreased by \$149,980. The decrease was primarily due to a decrease in cash and receivables. Capital assets decreased primarily due to depreciation expense exceeding capital asset additions. Liabilities decreased due to payments made on long-term debt.

Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position, June 30, 2013	\$ 1,011,894
Results of Operations	(525,508)
Capital Expenditures from Operations	(219,028)
Investment Income	3,237
Transfer from Restricted Net Assets	124,388
Principal and Interest Payments on Capital Debt	(308,483)
Depreciation Expense	<u>834,421</u>
Unrestricted Net Position, June 30, 2014	<u>\$ 920,921</u>

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

**TABLE 3**

**STATEMENT OF REVENUES AND EXPENSES**

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

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	\$ 1,690,495	\$ 1,592,371	\$ 98,124
Operating Grants	2,707,835	2,983,208	(275,373)
Capital Grants	338,664	410,935	(72,271)
Investment Income	3,237	5,023	(1,786)
Loss on Disposal of Capital Assets	(33,525)	-	(33,525)
Other Revenue	185,343	148,669	36,674
<b>Total Revenues</b>	<b><u>\$ 4,892,049</u></b>	<b><u>\$ 5,140,206</u></b>	<b><u>\$ (248,157)</u></b>
<b>Expenses:</b>			
Administrative Expenses	\$ 1,104,011	\$ 1,087,889	\$ 16,122
Tenant Services	8,470	10,008	(1,538)
Utilities	459,087	357,252	101,835
Maintenance & Operations	732,208	686,823	45,385
Protective Services	-	1,976	(1,976)
General Expense	374,646	335,717	38,929
Housing Assistance Payments	1,596,338	1,867,533	(271,195)
Interest Expense	131,611	142,339	(10,728)
Depreciation	834,421	798,402	36,019
<b>Total Expenses</b>	<b><u>\$ 5,240,792</u></b>	<b><u>\$ 5,287,939</u></b>	<b><u>\$ (47,147)</u></b>
<b>Excess (Deficiency) Revenues Over Expenses</b>	<b><u>\$ (348,743)</u></b>	<b><u>\$ (147,733)</u></b>	<b><u>\$ (201,010)</u></b>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES**

Excess revenues over expenses decreased due to a decrease in revenues exceeding a decrease in expenses. Revenues decreased mainly due to a decrease in operating and capital grants received offset by an increase in tenant rental revenue. Operating grants decreased due to a decrease in HAP subsidy received as a result of fewer leased units. Capital grants received decreased due to the timing and nature of the draws. Tenant rental revenue increased due to an increase in tenant income.

Expenses decreased primarily due to a decrease in HAP payments offset by an increase in utility expense. HAP payments decreased due to a decrease in leased units. Utility expense increased due to an increase in utility rates. There were relatively minor changes in the other expense categories.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year end, the Authority had \$9,673,754 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of 3% from last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 436,907	\$ 436,907	\$ -	0%
Buildings and Improvements	22,953,493	22,132,458	821,035	4%
Furniture & Equipment	879,062	811,434	67,628	8%
Construction in Process	70,056	468,863	(398,807)	-85%
Accumulated Depreciation	<u>(14,665,764)</u>	<u>(13,865,654)</u>	<u>(800,110)</u>	<u>6%</u>
 Net Capital Assets	 <u>\$ 9,673,754</u>	 <u>\$ 9,984,008</u>	 <u>\$ (310,254)</u>	 <u>-3%</u>

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2013	\$ 9,984,008
Additions	
Improvements - Capital Fund	338,664
Improvements - Operating	219,028
Deletions (Net)	(33,525)
Depreciation Expense	<u>(834,421)</u>
 Ending Balance, June 30, 2014	 <u>\$ 9,673,754</u>

## DEBT ADMINISTRATION

As of year-end, the Authority had \$2,458,193 in long term debt outstanding, compared to a \$2,635,065 balance in 2013. The decrease in debt is due to the payment on debt.

TABLE 6

### OUTSTANDING LONG TERM DEBT, AT YEAR-END

	<u>2014</u>	<u>2013</u>
Capital Improvements	<u>2,458,193</u>	<u>2,635,065</u>
Total	<u>\$ 2,458,193</u>	<u>\$ 2,635,065</u>

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

## FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of Marion, Indiana, federal and state regulatory bodies with a general overview of the Marion Housing Authority's finances as of June 30, 2014. The individual to be contacted regarding this report is Leah Poland, Chief Financial Officer, at the Housing Authority of the City of Marion, 601 S. Adams Street, Marion, Indiana 46953.

THE HOUSING AUTHORITY OF MARION, INDIANA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

ASSETS AND DEFERRED  
OUTFLOWS OF RESOURCES

	<u>Enterprise</u> <u>Fund</u>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 626,671
Accounts Receivable	19,020
Tenants Accounts Receivable	18,013
Allowance for Doubtful Accounts	(1,802)
Investments	703,565
Prepaid Costs	60,951
Inventory, Net of Allowances	9,491
Total Current Assets	<u>1,435,909</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	79,320
Investments	34,800
Total Restricted Assets	<u>114,120</u>
<u>Capital Assets</u>	
Land	436,907
Buildings and Improvements	22,953,493
Furniture & Equipment	879,062
Construction in Progress	70,056
	<u>24,339,518</u>
(Less): Accumulated Depreciation	<u>(14,665,764)</u>
Net Capital Assets	<u>9,673,754</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,223,783</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION, INDIANA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

LIABILITIES, DEFERRED INFLOWS  
 OF RESOURCES AND NET POSITION

	<u>Enterprise Fund</u>
<u>Current Liabilities</u>	
Accounts Payable	\$ 73,024
Accrued Wages and Payroll Taxes	44,028
Accrued Compensated Absences	12,322
Accrued Pilot	109,159
Accrued Interest Payable	8,772
Tenant Security Deposits	125,812
Current Portion of Notes Payable	149,225
Other Current Liabilities	39,710
Total Current Liabilities	<u>562,052</u>
<u>Long Term Liabilities</u>	
Notes Payable	2,308,968
Accrued Compensated Absences	110,898
Noncurrent Liabilities	49,091
Total Long Term Liabilities	<u>2,468,957</u>
Total Liabilities	<u>3,031,009</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net Investment in Capital Assets	7,215,561
Restricted Net Position	56,292
Unrestricted Net Position	920,921
Total Net Position	<u>8,192,774</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,223,783</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION, INDIANA  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Enterprise Fund</u>
<u>Operating Revenues</u>	
Dwelling Rent	\$ 1,690,495
Operating Grants	2,707,835
Other Revenue	185,343
Total Operating Revenues	<u>4,583,673</u>
<u>Operating Expenses</u>	
Administrative	1,104,011
Tenant Services	8,470
Utilities	459,087
Maintenance and Operations	732,208
General Expense	374,646
Housing Assistance Payments	1,596,338
Depreciation	834,421
Total Operating Expenses	<u>5,109,181</u>
Operating Income (Loss)	<u>(525,508)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	3,237
Loss on Disposal of Capital Assets	(33,525)
Interest Expense	(131,611)
Total Non-Operating Revenues (Expenses)	<u>(161,899)</u>
Increase (Decrease) in Net Position before Capital Contributions	<u>(687,407)</u>
Capital Contributions	<u>338,664</u>
Increase (Decrease) in Net Position	(348,743)
Net Position, Beginning	8,541,517
Net Position, Ending	<u>\$ 8,192,774</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Enterprise Fund</b>
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 1,692,200
Cash Received from Operating Grants	2,711,996
Cash Received from Other Sources	198,795
Cash Payments for Salaries & Benefits	(1,215,475)
Cash Payments to Vendors & Landlords	(2,959,126)
Net Cash flows provided (used) by Operating activities	<u>428,390</u>
<u>Cash flows from non-capital financing activities</u>	
Net Cash flows provided (used) by non-capital financing activities	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants Received	370,750
Capital Outlay	(557,692)
Principal and Interest Payments on Capital Debt	(307,572)
Net cash flows provided (used) by capital and related financing activities	<u>(494,514)</u>
<u>Cash flows from investing activities:</u>	
Cash Transfer from (to) Investments	(3,051)
Cash received from earnings on investments	3,237
Cash received on payments of Notes Receivables	2,060
Net cash flows provided (used) by investing activities	<u>2,246</u>
Net Increase (decrease) in cash and cash equivalents	(63,878)
<u>Cash and cash equivalents, beginning of year:</u>	<u>769,869</u>
<u>Cash and cash equivalents, end of year:</u>	<u>\$ 705,991</u>
<b><u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u></b>	
Operating Income (Loss)	\$ (525,508)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	834,421
Bad Debt Expense	8,157
Change in Accounts Receivable	28,840
Change in Prepaid Costs	12,220
Change in Inventory	5,790
Change in Accounts Payable	19,762
Change in Accrued Expenses	10,935
Change in Tenant Security Deposits	2,859
Change in FSS Escrow	10,593
Change in Unearned Revenues	13,496
Change in Other Liabilities	6,825
Net cash provided by (used in) operating activities	<u>\$ 428,390</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations 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.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements.

Cash

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Accounts receivables are carried at the amount considered by management to be collectible. Tenant accounts receivable are immaterial for further disclosures. Other accounts receivable consists of amounts due from HUD for Grant Income.

Prepaid Items

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

Inventory

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

#### Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements, except for inter-fund interest income and expense related to the component units.

#### Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income and expenses. Estimated useful lives are as follows:

Buildings & Improvements	15 - 40 years
Furniture fixtures and equipment	5 - 10 years

#### Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

#### Recent Accounting Pronouncements

The Authority's management has Adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in determination of major fund calculations and limiting the use of the term deferred in the financial statements. GASB 65 also concludes that debt issuance costs with the exception of prepaid insurance relates to services provided in the current period and thus should be expensed in the current period.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 39 "Determining Whether Certain Organizations are Component Units*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has one blended component unit, which is the business activity.

NOTE C - CASH AND INVESTMENT DEPOSITS

*Custodial Credit Risk* – The Housing Authority policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Interest Rate Risk* – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other Federally insured investments.

The Housing Authority's cash and cash equivalents consist of cash held in checking accounts totaling \$705,791. Investments consist of certificates of deposit totaling \$738,365. The certificates of deposit bear varying interest rates and have various maturity periods, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The remaining \$200 is held in the form of petty cash or change fund. Deposits with financial institutions are secured as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 988,527	\$ 988,365
Collateralized with specific securities in the Authority name which are held by the financial institution	455,629	546,315
Uncollateralized	-	-
	<u>\$ 1,444,156</u>	<u>\$ 1,534,680</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS – CONTINUED

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of the end of the fiscal year as follows:

<u>Type Commitment</u>	<u>Amount</u>
Modernization	\$45,050

NOTE E – SIGNIFICANT ESTIMATES

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, inventory valuations, and account receivable valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE F - PENSION PLAN

The Authority provides pension benefits for its employees through the American United Life – One America Retirement Plan. The plan was adopted by the Board of Commissioners in 1979. Only the Board has the authority to approve any amendments to the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible for the plan after six months of service. The Authority contributes 7% of each employee's base salary to the plan. During the past year, the Authority's contributions were \$51,042. Employees are required to contribute 5% of their base salary to the plan. During the past year, the employees' contributions to the plan were \$40,124.

NOTE G – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE H – COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate a limited amount of earned but unused annual leave. Full time permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Employees can receive payments for accumulated compensated absences. Leave accrued but not yet paid as of the end of the year is shown as a liability allocated between current and non-current.

### NOTE I – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

### NOTE J – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed. Balance due for operating advances and other notes are reflected in the Statement of Assets, Liabilities and Net Position by Program, but are eliminated in the Authority's Statement of Net Position. Inter-program balances at June 30, 2014 consisted of the following:

Central Office Cost Center	\$	700,183
State / Local		73,499
Section 8 Housing Choice Vouchers		(196,493)
Resident Opportunity and Supportive Service		(2,418)
Business Activities		(574,771)
	\$	<u><u>-</u></u>

### NOTE K – HUD REPAYMENT AGREEMENT

In 2011, the Authority came to an agreement with HUD that the Authority's COCC would repay the Public Housing Program and Housing Choice Vouchers \$177,790 for "improper use of federal funds". HUD asserted that federal funds had been improperly loaned from the Public Housing Program and Housing Choice Vouchers Program to the Authority's COCC (non-federal funds). The COCC may borrow non-federal funds from the Authority but not federal funds. The Authority agreed to repay the Low Rent Public Housing program and the Section 8 Housing Choice Vouchers program \$10,035 annually for a period of 17 years from non-federal funds. At June 30, 2014, the balance on the agreement was \$137,650 of which \$134,000 was owed to the Public Housing Program and \$3,650 was owed to the Housing Choice Vouchers Program.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES PAYABLE

Long-term debt at June 30, 2014, consisted of the following:

<u>Creditor and Description</u>	<u>Balance</u>
Housing Bond, Series 2006, bearing 4.30% interest at June 30, 2014, maturing January 2032, varying annual principal and interest payments of approximately \$72,000, collateralized by certain real property located in Marion, Indiana	\$ 706,239
Housing Bond, Series 2008, bearing 5.50% interest at June 30, 2014, maturing May 2033, varying annual principal and interest payments of approximately \$77,000, collateralized by certain real property located in Marion, Indiana	704,835
Note payable to local financial institution, bearing 3.10% interest, maturing June 2027, annual principal and interest payments of \$9,938, collateralized by certain real property located in Marion, Indiana	77,693
Note payable to local financial institution, bearing 5.25% interest, maturing October 2018, annual principal and interest payments of \$83,433, with a balloon payment at maturity, collateralized by certain real property located in Alexandria, Indiana	812,955
Note payable to local financial institution, bearing 8.23% interest, maturing October 2019, annual principal and interest payments of \$36,508, with a balloon payment at maturity, collateralized by certain real property located in Marion, Indiana	156,471
	<hr/> 2,458,193
Less: Current Portion	(149,225)
Notes Payable, Non-Current	<hr/> <u>\$ 2,308,968</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

The note is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2015	149,225	123,707	2,308,968
2016	154,831	116,016	2,154,137
2017	159,808	108,600	1,994,329
2018	165,012	100,150	1,829,317
2019	170,613	92,394	1,658,704
2020 - 2024	741,862	347,490	916,842
2025 - 2029	685,668	163,784	231,174
2030 - 2033	231,174	37,671	-
Total Payments	<u>\$ 2,458,193</u>	<u>\$ 1,089,812</u>	

Interest expense for the year ended June 30, 2014 was \$131,611.

NOTE M – NON-CURRENT LIABILITIES

Non-current liabilities consist of the following:

	<u>Balance</u> <u>06/30/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/14</u>	<u>Due Within</u> <u>One Year</u>
Notes Payable	2,635,065	-	176,872	2,458,193	149,225
Accrued Compensated Absences	118,066	34,768	29,614	123,220	12,322
FSS Escrows	38,498	10,593	-	49,091	-
Total Debt	<u>\$ 2,791,629</u>	<u>\$ 45,361</u>	<u>\$ 206,486</u>	<u>\$ 2,630,504</u>	<u>\$ 161,547</u>

NOTE N – RESTRICTED ASSETS

The Authority's restricted assets consist of the following as of June 30, 2014:

FSS Escrows	\$ 49,091
Section 8 HAP Funds	21,492
Replacement Reserves	34,800
Section 8 New Construction Grant	3,852
Holding Account - Repayment Agreement	4,885
	<u>\$ 114,120</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – RESTRICTED NET POSITION

Restricted Net Position consist of restricted assets that do not have a related liability. The following restricted assets are included in Restricted Net Position at June 30, 2014:

Section 8 HAP Funds	21,492
Replacement Reserves	34,800
	<u>\$ 56,292</u>

NOTE P – PROPERTY AND EQUIPMENT

A summary of Capital Assets for the Authority at June 30, 2014 is as follows:

	Low Rent Public Housing	Capital Fund	Housing Choice Vouchers	New Construction	State/Local	Business Activities	Central Office	Total Enterprise Fund
Land	\$ 251,583	\$ -	\$ -	\$ 91,928	\$ 73,227	\$ 7,025	\$ 13,144	\$ 436,907
Building and Improvements	14,316,444	-	-	2,382,654	2,073,503	3,707,510	473,382	22,953,493
Furniture and Equipment	500,054	-	38,040	109,351	-	707	230,910	879,062
Construction in Process	-	70,056	-	-	-	-	-	70,056
Less Accumulated Depreciation	(10,356,347)	-	(37,630)	(2,059,170)	(1,059,605)	(666,311)	(486,701)	(14,665,764)
Total Property and Equipment	<u>\$ 4,711,734</u>	<u>\$ 70,056</u>	<u>\$ 410</u>	<u>\$ 524,763</u>	<u>\$ 1,087,125</u>	<u>\$ 3,048,931</u>	<u>\$ 230,735</u>	<u>\$ 9,673,754</u>

	July 1, 2013 Balance	Additions	Transfers & Deletions	June 30, 2014 Balance
Land	\$ 436,907	\$ -	\$ -	\$ 436,907
Construction in Process	468,863	338,664	(737,471)	70,056
Total Assets not being Depreciated	905,770	338,664	(737,471)	506,963
Buildings and Improvements	22,132,458	207,140	613,895	22,953,493
Furniture and Equipment	811,434	11,888	55,740	879,062
Total Property and Equipment	23,849,662	557,692	(67,836)	24,339,518
Less Accumulated Depreciation				
Building and Improvements	(13,355,226)	(784,908)	4,474	(14,135,660)
Furniture and Equipment	(510,428)	(49,513)	29,837	(530,104)
Net Book Value	<u>\$ 9,984,008</u>	<u>\$ (276,729)</u>	<u>\$ (33,525)</u>	<u>\$ 9,673,754</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE Q – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE R – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through December 4, 2014, the date the financial statements were issued.

THE HOUSING AUTHORITY OF MARION, INDIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM  
JUNE 30, 2014

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/ Local	Business Activities	COCC	Component Unit	Elimination	Total
<b>Current Assets</b>											
Cash and Cash Equivalents	\$ 343,839	\$ 12,458	\$ 25,395	\$ 34,526	\$ -	\$ 86,758	\$ 54,103	\$ 69,592	\$ -	\$ -	\$ 626,671
Accounts Receivable	-	-	14,676	-	4,344	-	-	-	-	-	19,020
Tenants Accounts Receivable	7,684	-	-	655	-	5,012	4,662	-	-	-	18,013
Allowance for Doubtful Accounts	(768)	-	-	(66)	-	(501)	(467)	-	-	-	(1,802)
Notes Receivable	134,000	-	3,650	-	-	-	-	-	-	(137,650)	-
Investments	703,565	-	-	-	-	-	-	-	-	-	703,565
Prepaid Costs	26,305	-	7,172	4,964	826	2,533	10,654	8,497	-	-	60,951
Inventory, Net of Allowances	-	-	-	257	-	-	-	9,234	-	-	9,491
Interprogram	-	-	-	-	-	73,499	-	700,183	-	(773,682)	-
<b>Total Current Assets</b>	<b>1,214,625</b>	<b>12,458</b>	<b>50,893</b>	<b>40,336</b>	<b>5,170</b>	<b>167,301</b>	<b>68,952</b>	<b>787,506</b>	<b>-</b>	<b>(911,332)</b>	<b>1,435,909</b>
<b>Restricted Assets</b>											
Cash and Cash Equivalents	-	-	70,583	3,852	-	-	-	4,885	-	-	79,320
Investments	-	-	-	34,800	-	-	-	-	-	-	34,800
<b>Total Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>70,583</b>	<b>38,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,885</b>	<b>-</b>	<b>-</b>	<b>114,120</b>
<b>Capital Assets</b>											
Land	251,583	-	-	91,928	-	73,227	7,025	13,144	-	-	436,907
Buildings and Improvements	14,316,444	-	-	2,382,654	-	2,073,503	3,707,510	473,382	-	-	22,953,493
Furniture & Equipment	500,054	-	38,040	109,351	-	-	707	230,910	-	-	879,062
Construction in Progress	-	70,056	-	-	-	-	-	-	-	-	70,056
	15,068,081	70,056	38,040	2,583,933	-	2,146,730	3,715,242	717,436	-	-	24,339,518
(Less): Accumulated Depreciation	(10,356,347)	-	(37,630)	(2,059,170)	-	(1,059,605)	(666,311)	(486,701)	-	-	(14,665,764)
<b>Net Capital Assets</b>	<b>4,711,734</b>	<b>70,056</b>	<b>410</b>	<b>524,763</b>	<b>-</b>	<b>1,087,125</b>	<b>3,048,931</b>	<b>230,735</b>	<b>-</b>	<b>-</b>	<b>9,673,754</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,926,359</b>	<b>\$ 82,514</b>	<b>\$ 121,886</b>	<b>\$ 603,751</b>	<b>\$ 5,170</b>	<b>\$ 1,254,426</b>	<b>\$ 3,117,883</b>	<b>\$ 1,023,126</b>	<b>\$ -</b>	<b>\$ (911,332)</b>	<b>\$ 11,223,783</b>

THE HOUSING AUTHORITY OF MARION, INDIANA  
SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM  
JUNE 30, 2014

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/ Local	Business Activities	COCC	Component Unit	Elimination	Total
<u>Current Liabilities</u>											
Accounts Payable	\$ 11,293	\$ 12,458	\$ 486	\$ 8,534	\$ 30	\$ 544	\$ 36,482	\$ 3,197	\$ -	\$ -	\$ 73,024
Accrued Wages and Payroll Taxes	11,839	-	4,348	6,305	1,371	814	6,565	12,786	-	-	44,028
Accrued Compensated Absences	4,248	-	1,174	567	135	43	1,057	5,098	-	-	12,322
Accrued Pilot	30,992	-	-	18,126	-	-	60,041	-	-	-	109,159
Accrued Interest Payable	-	-	-	-	-	1,073	7,699	-	-	-	8,772
Tenant Security Deposits	58,910	-	-	24,170	-	9,486	32,147	1,099	-	-	125,812
Current Portion of Notes Payable	-	-	-	-	-	24,558	124,667	-	-	-	149,225
Note Payable - HUD Agreement	-	-	-	-	-	-	-	137,650	-	(137,650)	-
Other Current Liabilities	10,430	-	-	6,115	-	1,575	13,382	8,208	-	-	39,710
Interprogram	-	-	196,493	-	2,418	-	574,771	-	-	(773,682)	-
Total Current Liabilities	127,712	12,458	202,501	63,817	3,954	38,093	856,811	168,038	-	(911,332)	562,052
<u>Long Term Liabilities</u>											
Notes Payable	-	-	-	-	-	131,913	2,177,055	-	-	-	2,308,968
Accrued Compensated Absences	38,234	-	10,562	5,106	1,216	385	9,509	45,886	-	-	110,898
Noncurrent Liabilities	-	-	49,091	-	-	-	-	-	-	-	49,091
Total Long Term Liabilities	38,234	-	59,653	5,106	1,216	132,298	2,186,564	45,886	-	-	2,468,957
Total Liabilities	165,946	12,458	262,154	68,923	5,170	170,391	3,043,375	213,924	-	(911,332)	3,031,009
<u>Deferred Inflows of Resources</u>	-	-	-	-	-	-	-	-	-	-	-
<u>Net Position</u>											
Net Investment in Capital Assets	4,711,734	70,056	410	524,763	-	930,654	747,209	230,735	-	-	7,215,561
Restricted Net Position	-	-	21,492	34,800	-	-	-	-	-	-	56,292
Unrestricted Net Position	1,048,679	-	(162,170)	(24,735)	-	153,381	(672,701)	578,467	-	-	920,921
Total Net Position	5,760,413	70,056	(140,268)	534,828	-	1,084,035	74,508	809,202	-	-	8,192,774
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,926,359	\$ 82,514	\$ 121,886	\$ 603,751	\$ 5,170	\$ 1,254,426	\$ 3,117,883	\$ 1,023,126	\$ -	\$ (911,332)	\$ 11,223,783

THE HOUSING AUTHORITY OF MARION, INDIANA  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2014

	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/ Local	Business Activities	COCC	Component Unit	Elimination	Total
<b>Operating Revenues</b>											
Dwelling Rent	\$ 587,989	\$ -	\$ -	\$ 274,301	\$ -	\$ 117,753	\$ 694,921	\$ 2,003	\$ 13,528	\$ -	\$ 1,690,495
Operating Grants	597,259	115,993	1,718,841	230,770	44,972	-	-	-	-	-	2,707,835
Other Revenue	13,434	-	17,084	1,003	-	85	32,690	615,671	-	(494,624)	185,343
Total Operating Revenues	1,198,682	115,993	1,735,925	506,074	44,972	117,838	727,611	617,674	13,528	(494,624)	4,583,673
<b>Operating Expenses</b>											
Administrative	449,395	50,310	274,487	218,332	43,350	25,558	141,131	395,761	311	(494,624)	1,104,011
Tenant Services	5,822	-	24	2,012	-	48	-	564	-	-	8,470
Utilities	275,740	-	-	110,574	-	3,772	55,050	13,891	60	-	459,087
Maintenance and Operations	381,170	-	1,298	139,344	61	19,116	172,890	13,892	4,437	-	732,208
General Expense	146,290	-	14,792	60,467	1,561	9,949	155,482	222,377	4,962	(241,234)	374,646
Housing Assistance Payments	-	-	1,596,338	-	-	-	-	-	-	-	1,596,338
Depreciation	577,236	-	423	71,715	-	73,082	99,444	12,521	-	-	834,421
Total Operating Expenses	1,835,653	50,310	1,887,362	602,444	44,972	131,525	623,997	659,006	9,770	(735,858)	5,109,181
Operating Income (Loss)	(636,971)	65,683	(151,437)	(96,370)	-	(13,687)	103,614	(41,332)	3,758	241,234	(525,508)
<b>Non-Operating Revenues (Expenses)</b>											
Investment Income	2,984	-	21	210	-	9	5	8	-	-	3,237
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	207,709	(241,234)	(33,525)
Interest Expense	-	-	-	-	-	(13,743)	(117,786)	-	(82)	-	(131,611)
Total Non-Operating Rev/(Exp)	2,984	-	21	210	-	(13,734)	(117,781)	8	207,627	(241,234)	(161,899)
Increase (Decrease) in Net Position before transfers and Contributions	(633,987)	65,683	(151,416)	(96,160)	-	(27,421)	(14,167)	(41,324)	211,385	-	(687,407)
Capital Contributions	-	338,664	-	-	-	-	-	-	-	-	338,664
Operating Transfers In (Out)	65,683	(65,683)	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	(568,304)	338,664	(151,416)	(96,160)	-	(27,421)	(14,167)	(41,324)	211,385	-	(348,743)
Net Position, Beginning	5,591,246	468,863	11,148	630,988	-	1,111,456	88,675	850,526	(211,385)	-	8,541,517
Net Position Transfers	737,471	(737,471)	-	-	-	-	-	-	-	-	-
Net Position, Ending	\$ 5,760,413	\$ 70,056	\$ (140,268)	\$ 534,828	\$ -	\$ 1,084,035	\$ 74,508	\$ 809,202	\$ -	\$ -	\$ 8,192,774

THE HOUSING AUTHORITY OF MARION, INDIANA  
 STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2014

	Public Housing Capital Fund Program IN36P04150110	Public Housing Capital Fund Program IN36P04150111	Public Housing Capital Fund Program IN36P04150112
Funds Approved	\$ 458,866	\$ 364,500	\$ 328,415
Funds Expended	458,866	364,500	328,415
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 458,866	\$ 364,500	\$ 328,415
Funds Expended	458,866	364,500	328,415
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificates submitted to HUD for approval are in agreement with the Housing Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

EXPENDITURES

Low Rent Public Housing Expenditures	
Total CFDA Number 14.850a	<u>\$ 597,259</u>
Public Housing Capital Fund Program	
Total CFDA Number 14.872	<u>454,657</u>
Section 8 Housing Choice Vouchers	
Total CFDA Number 14.871	<u>1,718,841</u>
Section 8 New Construction	
Total CFDA Number 14.182	<u>230,770</u>
Resident Opportunity Supportive Services	
Total CFDA Number 14.870	<u>43,812</u>
TOTAL HUD EXPENDITURES	<u>3,045,339</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 3,045,339</u>

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

THE HOUSING AUTHORITY OF  
MARION, INDIANA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2014

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	N/C S/R SECTION 8 PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL
<b>ASSETS</b>											
<b>CURRENT ASSETS</b>											
<b>CASH</b>											
111	CASH UNRESTRICTED	284,929	12,458	25,395	10,356	-	77,272	21,956	68,493	-	500,859
115	CASH RESTRICTED FOR PAYMENT OF S/T DEBT	-	-	-	-	-	-	-	-	-	-
112	CASH RESTRICTED MODERNIZATION AND DEV	-	-	-	-	-	-	-	-	-	-
113	CASH OTHER RESTRICTED	-	-	70,583	3,852	-	-	-	4,885	-	79,320
114	CASH TENANT SECURITY DEPOSIT	58,910	-	-	24,170	-	9,486	32,147	1,099	-	125,812
100	<b>TOTAL CASH</b>	<b>343,839</b>	<b>12,458</b>	<b>95,978</b>	<b>38,378</b>	<b>-</b>	<b>86,758</b>	<b>54,103</b>	<b>74,477</b>	<b>-</b>	<b>705,991</b>
<b>ACCOUNTS AND NOTES RECEIVABLE</b>											
121	A/R - PRA PROJECTS	-	-	-	-	-	-	-	-	-	-
122	A/R - HUD PROJECTS	-	-	-	-	4,344	-	-	-	-	4,344
124	A/R - OTHER GOVT	-	-	-	-	-	-	-	-	-	-
125	A/R - MISC	-	-	14,676	-	-	-	-	-	-	14,676
126	A/R - TENANTS DWELLING RENT	7,684	-	-	655	5,012	4,662	-	-	-	18,013
126.1	ALLOWANCE FOR D A - TENANTS	(768)	-	-	(66)	(501)	(467)	-	-	-	(1,802)
126.2	ALLOWANCE FOR D A - OTHER	-	-	-	-	-	-	-	-	-	-
127	NOTES AND MORTGAGES RECEIVABLE	-	-	-	-	-	-	-	-	-	-
128	FRAUD RECOVERY	-	-	-	-	-	-	-	-	-	-
128.1	ALLOWANCE FOR FRAUD RECOVERY	-	-	-	-	-	-	-	-	-	-
129	ACCRUED INTEREST RECEIVABLE	-	-	-	-	-	-	-	-	-	-
120	<b>TOTAL RECEIVABLES NET OF ALLOW</b>	<b>6,916</b>	<b>-</b>	<b>14,676</b>	<b>589</b>	<b>4,344</b>	<b>4,511</b>	<b>4,195</b>	<b>-</b>	<b>-</b>	<b>35,231</b>
<b>CURRENT INVESTMENTS</b>											
131	INVESTMENTS - UNRESTRICTED	703,565	-	-	-	-	-	-	-	-	703,565
135	INVESTMENTS RESTRICTED PYMT S/T DEBT	-	-	-	-	-	-	-	-	-	-
132	INVESTMENTS - RESTRICTED	-	-	-	34,800	-	-	-	-	-	34,800
142	PREPAID COSTS	26,305	-	7,172	4,964	826	2,533	10,654	8,497	-	60,951
143	INVENTORIES - MATERIALS	-	-	-	257	-	-	-	9,234	-	9,491
143.1	ALLOWANCE FOR OBSOLETE INV	-	-	-	-	-	-	-	-	-	-
144	INTERPROGRAM DUE FROM	-	-	-	-	73,499	-	700,183	-	(773,682)	-
146	AMOUNTS TO BE PROVIDED	-	-	-	-	-	-	-	-	-	-
150	<b>TOTAL CURRENT ASSETS</b>	<b>1,060,625</b>	<b>12,458</b>	<b>117,826</b>	<b>78,988</b>	<b>5,170</b>	<b>167,301</b>	<b>68,952</b>	<b>792,391</b>	<b>(773,682)</b>	<b>1,550,029</b>
<b>NONCURRENT ASSETS</b>											
<b>FIXED ASSETS</b>											
161	LAND	251,583	-	-	91,928	-	73,227	7,025	13,144	-	436,907
168	INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-
162	BUILDINGS	5,484,226	-	-	2,207,332	-	1,561,859	3,558,448	455,308	-	13,267,173
163	FURNITURE & EQUIPMENT - DWELLINGS	146,267	-	2,878	60,643	-	-	707	2,539	-	213,034
164	FURNITURE & EQUIPMENT - ADMINISTR	353,787	-	35,162	48,708	-	-	-	228,371	-	666,028
165	LEASEHOLD IMPROVEMENTS	8,832,218	-	-	175,322	-	511,644	149,062	18,074	-	9,686,320
167	CONSTRUCTION IN PROGRESS	-	70,056	-	-	-	-	-	-	-	70,056
166	ACCUMULATED DEPRECIATION	(10,356,347)	-	(37,630)	(2,059,170)	-	(1,059,605)	(666,311)	(486,701)	-	(14,665,764)
160	<b>TOTAL FIXED ASSETS, NET OF DEPR</b>	<b>4,711,734</b>	<b>70,056</b>	<b>410</b>	<b>524,763</b>	<b>-</b>	<b>1,087,125</b>	<b>3,048,931</b>	<b>230,735</b>	<b>-</b>	<b>9,673,754</b>
171	NOTES & MORTGAGES RECEIVABLE - N/C	134,000	-	3,650	-	-	-	-	-	(137,650)	-
172	NOTES & MORTGAGES RECEIVABLE - PD	-	-	-	-	-	-	-	-	-	-
173	GRANTS RECEIVABLE - NONCURRENT	-	-	-	-	-	-	-	-	-	-
174	OTHER ASSETS	-	-	-	-	-	-	-	-	-	-
176	INVESTMENT IN JOINT VENTURES	-	-	-	-	-	-	-	-	-	-
180	<b>TOTAL NONCURRENT ASSETS</b>	<b>4,945,734</b>	<b>70,056</b>	<b>4,060</b>	<b>524,763</b>	<b>-</b>	<b>1,087,125</b>	<b>3,048,931</b>	<b>230,735</b>	<b>(137,650)</b>	<b>9,673,754</b>
190	<b>TOTAL ASSETS</b>	<b>5,926,359</b>	<b>82,514</b>	<b>121,886</b>	<b>603,751</b>	<b>5,170</b>	<b>1,254,426</b>	<b>3,117,883</b>	<b>1,023,126</b>	<b>(911,332)</b>	<b>11,223,783</b>
200	DEFERRED OUTFLOW OF RESOURCES	-	-	-	-	-	-	-	-	-	-
290	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,926,359</b>	<b>82,514</b>	<b>121,886</b>	<b>603,751</b>	<b>5,170</b>	<b>1,254,426</b>	<b>3,117,883</b>	<b>1,023,126</b>	<b>(911,332)</b>	<b>11,223,783</b>
<b>LIABILITIES AND EQUITY</b>											
<b>CURRENT LIABILITIES</b>											
311	BANK OVERDRAFT	-	-	-	-	-	-	-	-	-	-
312	A/P < 90 DAYS	11,293	12,458	486	8,534	30	544	36,482	3,197	-	73,024
313	A/P > 90 DAYS	-	-	-	-	-	-	-	-	-	-
321	ACCRUED WAGE/PAYROLL TAXES PAYABLE	11,839	-	4,348	6,305	1,371	814	6,565	12,786	-	44,028
322	ACCRUED COMPENSATED ABSENCES	4,248	-	1,174	567	135	43	1,057	5,098	-	12,322

THE HOUSING AUTHORITY OF  
MARION, INDIANA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2014

	LOW RENT	CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS	N/C S/R SECTION 8 PROGRAMS	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL
324	14,850a	14,872	14,871	14,182	14,870	-	-	-	-	-	-
325	-	-	-	-	-	1,073	7,699	-	-	-	8,772
331	-	-	-	-	-	-	-	-	-	-	-
332	-	-	-	-	-	-	-	137,650	-	(137,650)	-
333	30,992	-	-	18,126	-	-	60,041	-	-	-	109,159
341	58,910	-	-	24,170	-	9,486	32,147	1,099	-	-	125,812
342	2,063	-	-	3,784	-	1,037	9,520	-	-	-	16,404
343	-	-	-	-	-	24,558	124,667	-	-	-	149,225
344	-	-	-	-	-	-	-	-	-	-	-
348	-	-	-	-	-	-	-	-	-	-	-
345	-	-	-	-	-	-	-	-	-	-	-
346	8,367	-	-	2,331	-	538	3,862	8,208	-	-	23,306
347	-	-	196,493	-	2,418	-	574,771	-	-	(773,682)	-
310	127,712	12,458	202,501	63,817	3,954	38,093	856,811	168,038	-	(911,332)	562,052
NONCURRENT LIABILITIES											
351	-	-	-	-	-	131,913	2,177,055	-	-	-	2,308,968
352	-	-	-	-	-	-	-	-	-	-	-
354	38,234	-	10,562	5,106	1,216	385	9,509	45,886	-	-	110,898
355	-	-	-	-	-	-	-	-	-	-	-
353	-	-	49,091	-	-	-	-	-	-	-	49,091
350	38,234	-	59,653	5,106	1,216	132,298	2,186,564	45,886	-	-	2,468,957
300	165,946	12,458	262,154	68,923	5,170	170,391	3,043,375	213,924	-	(911,332)	3,031,009
400	-	-	-	-	-	-	-	-	-	-	-
508.4	4,711,734	70,056	410	524,763	-	930,654	747,209	230,735	-	-	7,215,561
511.4	-	-	21,492	34,800	-	-	-	-	-	-	56,292
512.4	1,048,679	-	(162,170)	(24,735)	-	153,381	(672,701)	578,467	-	-	920,921
513	5,760,413	70,056	(140,268)	534,828	-	1,084,035	74,508	809,202	-	-	8,192,774
600	5,926,359	82,514	121,886	603,751	5,170	1,254,426	3,117,883	1,023,126	-	(911,332)	11,223,783
703	556,312	-	-	267,579	-	113,013	642,103	-	13,173	-	1,592,180
704	31,677	-	-	6,722	-	4,740	52,818	2,003	355	-	98,315
705	587,989	-	-	274,301	-	117,753	694,921	2,003	13,528	-	1,690,495
706	597,259	115,993	1,718,841	230,770	43,812	-	-	-	-	-	2,706,675
706.1	-	338,664	-	-	-	-	-	-	-	-	338,664
707.1	-	-	-	-	-	-	-	382,664	-	(382,664)	-
707.2	-	-	-	-	-	-	-	32,400	-	(32,400)	-
707.3	-	-	-	-	-	-	-	79,560	-	(79,560)	-
707.4	-	-	-	-	-	-	-	-	-	-	-
707.5	-	-	-	-	-	-	-	6,336	-	-	6,336
708	-	-	-	-	1,160	-	-	-	-	-	1,160
710	-	-	-	-	-	-	-	-	-	-	-
711	2,984	-	-	122	-	9	5	8	-	-	3,128
712	-	-	-	-	-	-	-	-	-	-	-
714	-	-	3,052	-	-	-	-	-	-	-	3,052
715	13,434	-	14,032	1,003	-	85	32,690	114,711	-	-	175,955
716	-	-	-	-	-	-	-	-	207,709	(241,234)	(33,525)
720	-	-	21	88	-	-	-	-	-	-	109
700	1,201,666	454,657	1,735,946	506,284	44,972	117,847	727,616	617,682	221,237	(735,858)	4,892,049
EXPENSES											
ADMINISTRATIVE											
911	107,333	-	109,670	88,875	30,179	3,662	32,540	256,054	4	-	628,317
912	6,600	1,988	987	2,331	-	538	3,862	3,122	-	-	19,428
913	173,118	32,841	54,480	64,228	-	8,385	49,612	-	-	(382,664)	-
913.1	22,297	-	34,050	8,273	-	2,160	12,780	-	-	(79,560)	-
914	968	-	81	400	-	9	62	53	-	-	1,573
915	39,960	-	40,116	21,060	10,745	2,988	11,925	84,327	-	-	211,121
916	60,460	-	33,772	30,928	2,426	7,388	25,673	47,108	294	-	208,049

THE HOUSING AUTHORITY OF  
MARION, INDIANA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2014

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	N/C S/R SECTION # PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL	
917	LEGAL EXPENSE	1,479	-	39	358	-	94	1,065	565	-	3,600	
918	TRAVEL	1,267	-	7	300	-	3	1,115	94	13	2,799	
918.1	ALLOCATED OVERHEAD	-	-	-	-	-	-	-	-	-	-	
919	OTHER	3,513	15,481	1,285	1,579	-	331	2,497	4,438	-	29,124	
920	ASSET MANAGEMENT FEE	32,400	-	-	-	-	-	-	-	(32,400)	-	
	TENANT SERVICES	-	-	-	-	-	-	-	-	-	-	
921	TENANT SERVICES SALARIES	-	-	-	-	-	-	-	-	-	-	
922	RELOCATION COSTS	-	-	-	-	-	-	-	-	-	-	
923	EMPLOYEE BENEFIT CONTRIBUTION	-	-	-	-	-	-	-	-	-	-	
924	TENANT SERVICES OTHER	5,822	-	24	2,012	-	48	-	564	-	8,470	
	UTILITIES	-	-	-	-	-	-	-	-	-	-	
931	WATER	41,550	-	-	21,882	-	1,243	42,951	1,493	60	109,179	
932	ELECTRICITY	172,276	-	-	88,692	-	1,284	11,835	7,711	-	281,798	
533	GAS	-	-	-	-	-	1,245	264	4,687	-	6,196	
934	FUEL	-	-	-	-	-	-	-	-	-	-	
935	LABOR	-	-	-	-	-	-	-	-	-	-	
936	SEWER	-	-	-	-	-	-	-	-	-	-	
937	EMPLOYEE BENEFIT CONTRIBUTION UTILITY	-	-	-	-	-	-	-	-	-	-	
938	OTHER UTILITIES	61,914	-	-	-	-	-	-	-	-	61,914	
	ORDINARY MAINTENANCE & OPERATION	-	-	-	-	-	-	-	-	-	-	
941	ORDINARY MAINT AND OF LABOR	145,510	-	-	47,939	-	7,020	66,075	1,599	68	268,211	
942	ORDINARY MAINTENANCE AND OF MATERIALS	59,326	-	1,071	28,144	61	3,621	45,261	3,843	668	141,995	
943	ORDINARY MAINTENANCE AND OF CONTRACT	125,889	-	227	51,902	-	5,642	40,244	7,945	3,237	235,086	
945	EMPLOYEE BENEFIT CONTRIBUTION	50,445	-	-	11,359	-	2,833	21,310	505	464	86,916	
	PROTECTIVE SERVICES	-	-	-	-	-	-	-	-	-	-	
951	PROTECTIVE SERVICES - LABOR	-	-	-	-	-	-	-	-	-	-	
952	PROTECTIVE SERVICES - OTHER CONTRACT COSTS	-	-	-	-	-	-	-	-	-	-	
953	PROTECTIVE SERVICES - OTHER	-	-	-	-	-	-	-	-	-	-	
955	EMPLOYEE BENEFIT CONTRIBUTION PS	-	-	-	-	-	-	-	-	-	-	
	GENERAL EXPENSES	-	-	-	-	-	-	-	-	-	-	
961	INSURANCE PREMIUMS	78,176	-	9,570	22,469	1,204	9,593	34,906	5,840	3,969	165,727	
962	OTHER GENERAL EXPENSE	8,613	-	-	16,770	-	356	89,281	1,730	993	117,743	
962.1	COMPENSATED ABSENCES	28,100	-	5,222	1,089	357	-	-	-	-	34,768	
963	PAYMENTS IN LIEU OF TAXES	30,356	-	-	17,895	-	-	-	-	-	48,251	
964	BAD DEBT - TENANT	1,045	-	-	2,244	-	-	4,868	-	-	8,157	
965	BAD DEBT - MORTGAGES	-	-	-	-	-	-	-	-	-	-	
966	BAD DEBT - OTHER	-	-	-	-	-	-	26,427	214,807	-	(241,234)	
967	INTEREST EXPENSE	-	-	-	-	-	13,743	117,786	-	82	131,611	
968	SEVERANCE EXPENSE	-	-	-	-	-	-	-	-	-	-	
969	TOTAL OPERATING EXPENSES	1,258,417	50,310	290,601	530,729	44,972	72,186	642,339	646,485	9,852	(735,858)	2,810,033
970	EXCESS OPERATING REVENUE OVER OP EXP	(56,751)	404,347	1,445,345	(24,445)	-	45,661	85,277	(28,803)	211,385	-	2,082,016
971	EXTRAORDINARY MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-
972	CASUALTY LOSSES - NON CAPITALIZED	-	-	-	-	-	-	-	-	-	-	-
973	HAP	-	-	1,590,746	-	-	-	-	-	-	1,590,746	-
973.5	HAP PORTABILITY - IN	-	-	5,592	-	-	-	-	-	-	5,592	-
974	DEPRECIATION EXPENSE	577,236	-	423	71,715	-	73,082	99,444	12,521	-	834,421	-
975	FRAUD LOSSES	-	-	-	-	-	-	-	-	-	-	-
976	CAPITAL OUTLAYS GOVT FUNDS	-	-	-	-	-	-	-	-	-	-	-
977	DEBT PRINCIPAL PAYMENT GOVT FUNDS	-	-	-	-	-	-	-	-	-	-	-
978	DWELLING UNITS RENT EXPENSE	-	-	-	-	-	-	-	-	-	-	-
900	TOTAL EXPENSES	1,835,653	50,310	1,887,362	602,444	44,972	145,268	741,783	659,006	9,852	(735,858)	5,240,792
1001	OPERATING TRANSFERS IN	65,683	-	-	-	-	-	-	-	-	65,683	-
1002	OPERATING TRANSFERS OUT	-	(65,683)	-	-	-	-	-	-	-	(65,683)	-
1006	PROCEEDS FROM PROPERTY SALES	-	-	-	-	-	-	-	-	-	-	-
1007	EXTRAORDINARY ITEMS (NET GAIN/LOSS)	-	-	-	-	-	-	-	-	-	-	-
1008	SPECIAL ITEMS (NET GAIN/LOSS)	-	-	-	-	-	-	-	-	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	65,683	(65,683)	-	-	-	-	-	-	-	-	-
1000	EXCESS REVENUE OVER EXPENSES	(568,304)	338,664	(151,416)	(96,160)	-	(27,421)	(14,167)	(41,324)	211,385	-	(348,743)

THE HOUSING AUTHORITY OF  
MARION, INDIANA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2014

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	N/C s/R SECTION 8 PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL
11030 BEGINNING EQUITY	5,591,246	468,863	11,148	630,988	-	1,111,456	88,675	850,526	(211,385)	-	8,541,517
11040 EQUITY TRANSFERS	737,471	(737,471)	-	-	-	-	-	-	-	-	-
11040 EQUITY TRANSFERS	-	-	-	-	-	-	-	-	-	-	-
11040 PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-	-	-	-
ENDING EQUITY	5,760,413	70,056	(140,268)	534,828	-	1,084,035	74,508	809,202	-	-	8,192,774
11170 ADMINISTRATIVE FEE EQUITY	-	-	(161,760)	-	-	-	-	-	-	-	(161,760)
11180 HOUSING ASSISTANCE PAYMENTS EQUITY	-	-	21,492	-	-	-	-	-	-	-	21,492
11190 UNIT MONTHS AVAILABLE	3,240	-	5,517	1,176	-	306	1,740	-	36	-	12,015
11210 NUMBER OF UNIT MONTHS LEASED	2,967	-	4,522	1,100	-	258	1,601	-	36	-	10,484
11610 LAND PURCHASES	-	-	-	-	-	-	-	-	-	-	-
11620 BUILDING PURCHASES	-	338,664	-	-	-	-	-	-	-	-	338,664
11630 FURNITURE & EQUIPMENT - DWELLING	-	-	-	-	-	-	-	-	-	-	-
11640 FURNITURE & EQUIPMENT - ADMINISTRATIVE	-	-	-	-	-	-	-	-	-	-	-
11650 LEASEHOLD IMPROVEMENTS PURCHASES	-	-	-	-	-	-	-	-	-	-	-
11660 INFRASTRUCTURE PURCHASES	-	-	-	-	-	-	-	-	-	-	-
13510 CFFP DEBT SERVICE PAYMENTS	-	-	-	-	-	-	-	-	-	-	-
13901 REPLACEMENT HOUSING FACTOR FUNDS	-	-	-	-	-	-	-	-	-	-	-

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

JUNE 30, 2014

**Section I: Summary of Auditor's Results:**

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified  
Internal Control over financial reporting: \_\_\_ Yes    X No  
Are material weaknesses identified?  
Are significant deficiencies that are not considered  
to be material weaknesses identified? \_\_\_ Yes    X None  
Reported  
Is noncompliance that could have a material effect  
on the financial statements identified? \_\_\_ Yes    X No

FEDERAL AWARDS

Internal control over major programs:  
Are material weaknesses identified? \_\_\_ Yes    X No  
Are significant deficiencies that are not considered  
to be material weaknesses identified? \_\_\_ Yes    X None  
Reported  
Type of report issued on compliance with requirements  
applicable to each major program: Unmodified  
Are there any audit findings that are required to be  
reported in accordance with Section 510(a) of OMB  
Circular A-133? \_\_\_ Yes    X No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Public Housing Low Rent	14.850a
Section 8 Housing Choice Vouchers	14.871

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

Is the auditee identified as a low-risk auditee? \_\_\_ Yes    X No

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

JUNE 30, 2014

**Section II: Financial Statement Findings:**

**Summary Schedule of Prior Year Findings:**

None

**Current Year Findings and Questioned Costs:**

None

**Section III: Federal Award Findings and Questioned Costs**

**Summary Schedule of Prior Year Findings:**

Finding 13 – 01 – No Declaration of Trust Available  
Low Rent Public Housing – CFDA 14.850a; Grant period – year ended June 30, 2013

Condition and Cause:

In 2010, HUD began requiring housing authorities to file a Declaration of Trust against all housing authority properties with the proper authorities and maintain a copy of the Trust at the Authority. During the prior audit, a copy of the Trust was requested by the auditors, but the Authority was not able to produce a copy of the Trust.

Current Year Status:

The Authority filed the required Declaration of Trust with the State of Indiana on January 6, 2014. This finding has been cleared.

**Current Year Findings and Questioned:**

None