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January 30, 2017

Board of Commissioners
Union City Housing Authority
321 West Oak Street
Union City, IN 47390

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

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

UNION CITY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Union City, Indiana

September 30, 2015

Goldie Roberts

Certified Public Accountant

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

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UNION CITY
HOUSING AUTHORITY

Union City, Indiana
September 30, 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
Union City Housing Authority
100 Raulston Avenue
Union City, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Union City Housing Authority ("the Authority") which comprise the Statement of Net Position as of September 30, 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 Union City Housing Authority'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 Union City Housing Authority as of September 30, 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 and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 18 through 19 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2016 on my consideration of the Union City Housing Authority'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 Union City Housing Authority's internal control over financial reporting and compliance

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 28, 2016

Union City Housing Authority
Union City, Indiana

Management's Discussion and Analysis
September 30, 2015

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

The *financial highlights for the Union City Housing Authority in 2015* included:

As of September 30, 2015, total assets were \$96,607 as compared to \$104,454, as of September 30, 2014, a decrease of \$9,494. Current assets decreased \$1,647 and capital assets decreased \$9,494.

Total liabilities increased \$24,838 from \$148,962 in 2014 to \$173,800 in 2015.

In 2015, total revenue decreased \$2,903, as compared to 2014, due to increases in Federal Grants.

Total expenses decreased \$18,215 due primarily to decreases in HAP expenses.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance of the Union City Housing Authority for year-ending September 30, 2015.

Union City Housing Authority

Union City, Indiana

Management's Discussion and Analysis

September 30, 2015

(Continued)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain the property (meet HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered all its costs through its rental fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities plus provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended September 30, 2015.

Financial Analysis

One of the most important questions asked about the Authority's finances; "Is the Housing Authority as a whole better, or worse, off as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on September 30, 2015. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues, generated and the expenses incurred in operating the Housing Authority for the year-ended September 30, 2015.

Union City Housing Authority is a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing. They also have a small complex called Royal Oak Apartments. The following analysis focuses on the net position and the change in net position of the Housing Authority as a *whole* and not the individual programs.

Union City Housing Authority
Union City, Indiana

Management's Discussion and Analysis
September 30, 2015
(Continued)

Net Position

September 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 4,801	\$ (3,395)	\$ 8,196	241.41%
Capital Assets, Net	91,806	101,300	(9,494)	-9.37%
Total Assets	\$ 96,607	\$ 97,905	\$ (1,298)	-1.33%
Deferred Outflow of Resources	\$ 9,018	\$ 0	\$ 9,018	100%
Current Liabilities	\$ 45,265	\$ 29,887	15,378	51.45%
Noncurrent Liabilities	128,535	112,526	16,009	-7.85%
Total Liabilities	\$173,800	\$ 142,413	\$ 31,387	4.59%
Deferred Inflow of Resources	\$ 2,490	\$ 0	\$ 2,490	100%
Net Position:				
Investment in Capital Assets	\$(28,885)	\$(19,390)	\$ (9,495)	-48.97%
Restricted	82,217	80,527	1,690	2.10%
Unrestricted	(123,997)	(105,645)	(18,352)	.03%
Total Net Position	\$ (70,665)	\$ (44,508)	\$ (26,157)	17.61%

Capital Assets

(Net of Accumulated Depreciation)

September 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Capital Assets	\$161,135	\$163,796	\$(2,661)	-1.62%
Accumulated Depreciation	(69,329)	(62,496)	(6,833)	-10.93%
Net Capital Assets	\$ 91,806	\$101,300	\$ (9,494)	-9.37%

Union City Housing Authority
Union City, Indiana

Management's Discussion and Analysis
September 30, 2015
(Continued)

Assets:

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the current operating cycle.

As of September 30, 2015, current assets were \$4,801 as compared to (\$3,395), as of September 30, 2014, an increase of \$8,196. Current assets increased due to an increase in HUD Operating Grants and a decrease in HAP spending.

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and furnishings and equipment.

Capital assets decreased \$9,494 due to decreases in annual accumulated depreciation.

Liabilities:

As of September 30, 2015, current liabilities were \$45,265 as compared to \$29,887, as of September 30, 2014, an increase of \$15,378. The change consisted of an increase in accounts payable and an adjustment in the current portion of long-term debt.

Debt:

The Authority has a loan in which the long-term debt is \$103,690 in 2015 and \$112,526 in 2014, a change of \$8,836 and has a net position liability of \$24,845.

Net Position:

As of September 30, 2015, the Housing Authority had (\$28,885) invested in total net position. Of this amount, (\$105,680) is unrestricted net position. Restricted net position of \$82,217 was available for Section 8 Housing Assistance Payments (HAP). The remainder of (\$28,885) represents the investment in capital assets furnishings and equipment.

Union City Housing Authority
Union City, Indiana

Management's Discussion and Analysis
September 30, 2015
(Continued)

Changes in Net Position
For the Year Ended September 30

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$496,297	\$486,073	10,224	2.10%
Investment Income	11	15	(4)	-26.67%
Other Income	14,111	17,014	(2,903)	-17.06%
Total Revenue	<u>510,419</u>	<u>503,102</u>	<u>7,317</u>	<u>1.45%</u>
Expenses:				
Operating Expenses	70,443	71,090	(647)	-0.01%
Housing Assistance Payments	432,966	450,216	(17,250)	-3.83%
Depreciation	9,495	9,501	(6)	-0.06%
Interest Expense	8,430	8,742	(312)	-3.57%
Total Operating Expenses	<u>521,334</u>	<u>539,549</u>	<u>(18,215)</u>	<u>4.08%</u>
Increase (Decrease) in Net Position	<u>(10,915)</u>	<u>(36,447)</u>	<u>25,532</u>	<u>78.49%</u>
Net Position				
Beginning Net Position, originally stated	(44,508)	(8,061)	(36,447)	-81.89%
Change in Accounting Principle	(15,242)	0	(15,242)	-100%
Beginning Net Position, restated	<u>(59,750)</u>	<u>(8,061)</u>	<u>(51,689)</u>	<u>-86.51%</u>
Total Net Position End of Year	<u>\$ (70,665)</u>	<u>\$ (44,508)</u>	<u>\$ (26,157)</u>	<u>-37.02%</u>

Revenues:

In 2015, Union City Housing Authority's Housing Assistance Payments and Administrative Fees increased \$10,224 from \$486,073 in 2014 to \$496,297.

Investment income decreased \$4 and other income decreased \$2,903 due to a decreased in tenant rent. Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

Expenses:

Operating expenses decreased \$3,722 from \$71,090 in 2014 to \$67,368 in 2015. Administration and maintenance expenses increased which was offset by a decreased in utility expenses, compensated absences, and bad debt.

Housing Assistance Payments (HAP) expenses decreased \$17,250 from \$450,216 in 2014 to \$432,966 in 2015.

Depreciation remained about the same at \$9,501 in from 2014 and \$9,495 in 2015, a change of \$6.

Union City Housing Authority
Union City, Indiana

Management's Discussion and Analysis
September 30, 2015
(Continued)

The detail of the Housing Authority's long term debt at year end is set forth below:

	<u>9/30/14</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/15</u>
Notes payable	\$ 120,690	\$ 10,764	\$ 0	\$ 131,454

The detail of the Housing Authority's long term debt at year end is set forth below:

	<u>9/30/14</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/15</u>
Pension payable	\$ 15,242	\$ 9,603	\$ 0	\$ 24,845

The Union City Housing Authority implemented GASB 68 this year as required. Implementing this standard has caused an increase in debt of \$24,845 and has required the booking of deferred outflows of \$9,018 and deferred inflows of \$2,490.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Amy Holt, Executive Director, Union City Housing Authority, 321 West Oak Street, Union City, IN 47390, telephone number (765) 964-4544.

FINANCIAL STATEMENTS

UNION CITY HOUSING AUTHORITY
Union City, Indiana

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$	1,764
Restricted cash and cash equivalents		1,585
Accounts receivable - net		1,328
Prepaid expenses		124
Total Current Assets		4,801

Capital Assets

Land and other nondepreciable assets		0
Depreciable capital assets, net		91,806
Total Capital Assets		91,806

Total Assets		96,607
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Deferred outflow of resources

Pension related		9,018
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Total Assets and Deferred Outflow of Resources		105,625
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LIABILITIES

Current liabilities

Accrued liabilities		27,764
Tenant Security Deposits		500
Current portion of notes payable		17,001
Total Current Liabilities		45,265

Noncurrent Liabilities

Net Pension Liability		24,845
Notes payable		103,690
Total Noncurrent Liabilities		128,535

Total Liabilities		173,800
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Deferred inflow of resources

Pension related		2,490
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NET POSITION

Investment in capital assets		(28,885)
Restricted		82,217
Unrestricted		(123,997)
Total Net Position	\$	(70,665)

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

UNION CITY HOUSING AUTHORITY
Union City, Indiana

STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

OPERATING REVENUES

Rental income	\$ 14,111
TOTAL OPERATING REVENUE	14,111

OPERATING EXPENSES

Administrative	60,457
Utilities	6,786
Ordinary maintenance and operation	3,553
General expense	8,077
Housing assistance payments	432,966
Depreciation expense	9,495
TOTAL OPERATING EXPENSES	521,334

OPERATING INCOME (LOSS) (507,223)

NONOPERATING REVENUES

Federal operating grants	496,297
Interest income	11
TOTAL NONOPERATING REVENUES	496,308

CHANGE IN NET POSITION (10,915)

TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated (44,508)

Change in accounting principle (15,242)

TOTAL NET POSITION - BEGINNING OF YEAR, as restated (59,750)

TOTAL NET POSITION - END OF YEAR **\$ (70,665)**

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

UNION CITY HOUSING AUTHORITY
Union City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	14,111
Payments to vendors		(27,736)
Payments to landlords		(432,966)
Payments to employees		(48,080)
Net Cash Used by Operating Activities		<u>(494,671)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		496,297
Net Cash Flows Provided		<u>496,297</u>
by Noncapital Financing Activities		<u>496,297</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Mortgage principal payments		1
Acquisition and construction of capital assets		(1)
Net Cash Flows Provided (Used)		<u>0</u>
by Capital and Related Financing Activities		<u>0</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		11
Net Cash Provided by Investing Activities		<u>11</u>

Net Increase (Decrease) in Cash and Cash Equivalents		1,637
Cash - Beginning of year		<u>1,712</u>
Cash - End of year	\$	<u><u>3,349</u></u>
Reconciliation of Cash		
Unrestricted	\$	1,764
Restricted		<u>1,585</u>
Total Cash and Cash Equivalents	\$	<u><u>3,349</u></u>

Continued

UNION CITY HOUSING AUTHORITY
Union City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$	(507,223)
Adjustments to reconcile net operating income to net cash		
Provided by operating activities:		
Depreciation		9,495
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Prepaid expenses		(10)
Increase (Decrease) in:		
Accrued liabilities		(8)
Pension related		3,075
Net Cash Flows Provided		
by Operating Activities	\$	<u>(494,671)</u>

The accompanying notes are an integral part of these financial statements

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the UNION CITY HOUSING AUTHORITY ("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.

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 Union City Housing Authority. 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 Union City Housing Authority include the following:

At September 30, 2015, the Housing Authority has 129 units under management.

<u>Project</u>	<u>Units</u>
Business Activities	3
Vouchers	<u>126</u>
Total	<u>129</u>

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

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

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

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

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.

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

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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

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

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 is not presented 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 a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of a checking account 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 purchased and non negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

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

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond September 30, 2015.

Inventories - Inventories (if any) 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.

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. 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.

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

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-40 years
Maintenance and Office equipment	3-7 years

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

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

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.

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 (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, then restricted resources as they are needed.

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.

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.

Revenues 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.

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.

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE B - Deposits, Cash and Cash Equivalents:

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 September 30, 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.

At September 30, 2015, the carrying amount of the Authority's deposits was \$(4,837) and the bank balance was \$3,412. 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 voucher funds.

Deposits consist of the following:

Checking accounts	<u>\$ 3,349</u>
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NOTE C - Accounts Receivable:

Accounts receivable at September 30, 2015, consist of the following:

Tenant accounts receivable, net of allowance \$3,000	<u>\$ 1,328</u>
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NOTE D - Prepaid Expenses:

Prepaid expenses at September 30, 2015, consist of the following:

Prepaid insurance	<u>\$ 124</u>
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UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 9/30/14	Increases	Decreases	Transfers	Ending Balance 9/30/15
Capital assets, not being depreciated:					
Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, Not being depreciated	0	0	0	0	0
Capital Assets, being depreciated:					
Buildings & Improvements	144,635	0	0	0	144,635
Furniture, Equipment & Machinery	19,161	0	(2,661)	0	16,500
Total Capital Assets, being depreciated	163,796	0	(2,661)	0	161,135
Less Accumulated Depreciation for:					
Buildings & Improvements	(47,816)	(6,002)	0	0	(53,818)
Furniture, Equipment and Machinery	(14,680)	(3,492)	2,661	0	(15,511)
Total Accumulated Depreciation:	(62,496)	(9,494)	2,661	0	(69,329)
Total Capital Assets, being depreciated, net	101,300	(9,494)	0	0	91,806
Capital Assets, Net	<u>\$ 101,300</u>	<u>\$ (9,494)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91,806</u>

Depreciation expense of \$9,495 was incurred during the year.

NOTE F - Pension Plan:

Description of Pension Plan

The Union City Housing Authority, Indiana (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 Employees' Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF), with the merger of the funds being effective as of July 1, 2011.

INPRS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State employees
 - Local employees
- Police and Firemen
- Judges

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE F - Pension Plan: (Continued)

Substantially all public employees in Indiana are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the Housing Authority are included in the Local employees group. INPRS issues a stand-alone comprehensive annual financial report, which is available on the INPRS website at www.INPRS.org.

Benefits

Benefits are established by statute and may only be changed by the General Assembly. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Indiana Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Indiana, for all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Indiana Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis. For fiscal years beginning in 1995, Indiana legislation established statutory limits on increases in contribution rates for INPRS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 0.9% of total payroll for the fiscal year ended June 30, 2014. The actuarially determined employer contribution rates and the statutory contribution rates for local employees are 9.77% and 8.84%, respectively. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2014 are 4.00%, 5.00%, or 6.00% for local employees.

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE F - Pension Plan: (Continued)

Employer Allocations

Although INPRS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, INPRS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the Housing Authority's share of the collective pension amounts as of June 30, 2014 and 2013 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, 2014 and 2013, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2014, the Housing Authority's proportion was 0.00134%, which was an increase of 0.00103% from its proportion measured at June 30, 2013.

Net Pension Liability

At June 30, 2015 and 2014, the Housing Authority reported a liability of \$15,242 and \$24,845, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014, using the following actuarial assumptions:

Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 12.50%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	6.75%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, Local, KP&F and Judges).

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Continued)

NOTE F - 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 December 31, 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 as of June 30, 2015 are summarized in the following table:

Asset Class	Long-Term Target Allocations	Long-Term Expected Real Rate of Return
Global equity	47%	6%
Fixed income	14%	0.85%
Yield driven	8%	5.50%
Real return	11%	3.75%
Real estate	11%	6.65%
Alternatives	8%	9.50%
Short-term investments	1%	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 plan members will be made at the contractually required rate. The State and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected INPRS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the 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 benefit payments to determine the total pension liability.

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:

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE F - Pension Plan: (Continued)

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$36,648	\$24,845	\$15,046

Pension Expense

For the year ended September 30, 2015, the Housing Authority recognized pension expense of \$4,163, 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 and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$1,066	\$51
Net differences between projected and actual investment earnings on pension plan investments	\$4,189	\$2,337
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$666	\$0
Contributions made after plan year end	\$997	\$102
Total	\$9,018	\$2,490

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 2106:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2016	\$1,809
2017	\$1,809
2018	\$867
2019	\$0
2020	\$0
Thereafter	\$5,531

The information presented above has not been audited.

NOTE F - Accrued Liabilities:

Accrued liabilities at September 30, 2015, consist of the following:

Accrued interest \$ 27,764

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE G - Notes Payable:

The detail of the Housing Authority's long term debt at year end is set forth below:

	9/30/14	Increase	Decrease	9/30/15
Notes payable	\$ 120,690	\$ 10,764	\$ 0	\$ 131,454

Debt service requirements for the long term debt for the next five years are as follows:

	Principal	Interest
2016	\$ 17,001	\$ 27,764
2017	5,054	8,742
2018	5,453	8,430
2019	5,884	8,117
2020	6,329	7,732
Thereafter	91,733	71,298
Total	\$ 131,454	\$ 132,083

The detail of the Housing Authority's long term debt at year end is set forth below:

	9/30/14	Increase	Decrease	9/30/15
Pension payable	\$ 15,242	\$ 9,603	\$ 0	\$ 24,845

NOTE I - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended September 30, 2015 were as follows:

Housing Choice Vouchers	\$ 496,297
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NOTE J - 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 September 30, 2015.

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

NOTE K - 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.

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE L - Economic Dependency:

The Authority receives approximately 97% 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 M - Accounting Changes/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position September 30, 2014, as previously reported	\$ (44,508)
Net pension liability at September 30, 2014	(16,239)
Deferred outflows of resources related to contributions made after the September 30, 2013 measurement date	<u>997</u>
Net position September 30, 2015 as restated	<u>\$ (59,750)</u>

NOTE N - Contingencies:

Subsequent to the year end, the Authority and the Mortgage holder for the loan are in a legal dispute concerning the validity of the mortgage. No payments have been made on the property and it is believed that it will be foreclosed.

REQUIRED SUPPLEMENTAL INFORMATION

UNION CITY HOUSING AUTHORITY
Union City, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

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>
Union City Housing Authority's proportion of the net pension liability	.00058%	.00061%
Union City Housing Authority's proportionate share of the net pension liability	\$ 1,407	\$ 4,163
Union City Housing Authority's covered employee payroll	\$ 28,808	\$ 29,160
Union City Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	.05%	14.27%

Note: Additional years information will be presented when available.

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

UNION CITY HOUSING AUTHORITY
Union City, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNION CITY HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 2,976	\$ 3,145
Contributions in relation to the contractually required contribution	<u>2,976</u>	<u>3,145</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Union City Housing Authority's covered employee payroll	\$28,808	\$ 29,160
Contributions as a percentage of covered employee payroll	10.33%	10.79%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

Union City, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
SEPTEMBER 30, 2015

	IN046		
	Section 8		
	Voucher	Business	
	Program	Activities	Total
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 0	\$ 1,764	\$ 1,764
Restricted cash and cash equivalents	1,585	0	1,585
Accounts receivable - net	0	1,328	1,328
Prepaid expenses	0	124	124
Total Current Assets	1,585	3,216	4,801
<u>Capital Assets</u>			
Land and other nondepreciable assets	0	0	0
Depreciable capital assets, net	23,233	68,573	91,806
Total Capital Assets	23,233	68,573	91,806
Total Assets	24,818	71,789	96,607
<u>Deferred outflow of resources</u>			
Pension related	9,018	0	9,018
Total Assets and Deferred Outflow of Resources	33,836	71,789	105,625
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accrued liabilities	0	27,764	27,764
Tenant Security Deposits	0	500	500
Current portion of notes payable	0	17,001	17,001
Total Current Liabilities	0	45,265	45,265
<u>Noncurrent Liabilities</u>			
Net Pension Liability	24,845	0	24,845
Notes payable	0	103,690	103,690
Total Noncurrent Liabilities	24,845	103,690	128,535
Total Liabilities	24,845	148,955	173,800
<u>Deferred inflow of resources</u>			
Pension related	2,490	0	2,490
<u>NET POSITION</u>			
Investment in capital assets	23,233	(52,118)	(28,885)
Restricted	82,217	0	82,217
Unrestricted	(98,949)	(25,048)	(123,997)
Total Net Position	\$ 6,501	\$ (77,166)	\$ (70,665)

UNION CITY HOUSING AUTHORITY
Union City, Indiana

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	IN046		
	Section 8		
	Voucher	Business	
	Program	Activities	Total
<u>OPERATING REVENUES</u>			
Rental income	\$ 0	\$ 14,111	\$ 14,111
TOTAL OPERATING REVENUE	0	14,111	14,111
<u>OPERATING EXPENSES</u>			
Administrative	58,867	1,590	60,457
Utilities	2,061	4,725	6,786
Ordinary maintenance and operation	750	2,803	3,553
General expense	(1,830)	9,907	8,077
Housing assistance payments	432,966	0	432,966
Depreciation expense	2,635	6,860	9,495
TOTAL OPERATING EXPENSES	495,449	25,885	521,334
OPERATING INCOME (LOSS)	(495,449)	(11,774)	(507,223)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	496,297	0	496,297
Interest income	10	1	11
TOTAL NONOPERATING REVENUES	496,307	1	496,308
CHANGE IN NET POSITION	858	(11,773)	(10,915)
TOTAL NET POSITION - BEGINNING			
OF YEAR, as originally stated	20,885	(65,393)	(44,508)
Change in accounting principle	(15,242)	0	(15,242)
TOTAL NET POSITION - BEGINNING OF YEAR			
as restated	5,643	(65,393)	(59,750)
TOTAL NET POSITION - END OF YEAR	\$ 6,501	\$ (77,166)	\$ (70,665)

Housing Authority of the City of Union City (IN086)
 Union City, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$1,264	\$1,264		\$1,264
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$1,585		\$1,585		\$1,585
114 Cash - Tenant Security Deposits		\$500	\$500		\$500
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$1,585	\$1,764	\$3,349		\$3,349
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants		\$4,328	\$4,328		\$4,328
126.1 Allowance for Doubtful Accounts - Tenants		-\$3,000	-\$3,000		-\$3,000
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					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$1,328	\$1,328		\$1,328
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$124	\$124		\$124
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$1,585	\$3,216	\$4,801		\$4,801
161 Land	\$0		\$0		\$0
162 Buildings	\$36,159	\$108,477	\$144,636		\$144,636
163 Furniture, Equipment & Machinery - Dwellings		\$1,061	\$1,061		\$1,061
164 Furniture, Equipment & Machinery - Administration	\$15,438		\$15,438		\$15,438
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$28,364	-\$40,965	-\$69,329		-\$69,329
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$23,233	\$68,573	\$91,806		\$91,806
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	\$23,233	\$68,573	\$91,806		\$91,806
200 Deferred Outflow of Resources	\$9,018		\$9,018		\$9,018
290 Total Assets and Deferred Outflow of Resources	\$33,836	\$71,789	\$105,625		\$105,625

311 Bank Overdraft				
312 Accounts Payable <= 90 Days				
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$27,764	\$27,764	\$27,764
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits		\$500	\$500	\$500
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$17,001	\$17,001	\$17,001
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$0	\$45,265	\$45,265	\$45,265
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$103,690	\$103,690	\$103,690
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$24,845		\$24,845	\$24,845
350 Total Non-Current Liabilities	\$24,845	\$103,690	\$128,535	\$128,535
300 Total Liabilities	\$24,845	\$148,955	\$173,800	\$173,800
400 Deferred Inflow of Resources	\$2,490		\$2,490	\$2,490
508.4 Net Investment in Capital Assets	\$23,233	-\$52,118	-\$28,885	-\$28,885
511.4 Restricted Net Position	\$82,217		\$82,217	\$82,217
512.4 Unrestricted Net Position	-\$98,949	-\$25,048	-\$123,997	-\$123,997
513 Total Equity - Net Assets / Position	\$6,501	-\$77,166	-\$70,665	-\$70,665
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$33,836	\$71,789	\$105,625	\$105,625

Housing Authority of the City of Union City (IN086)
 Union City, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$14,111	\$14,111		\$14,111
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$14,111	\$14,111		\$14,111
70600 HUD PHA Operating Grants	\$496,297		\$496,297		\$496,297
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	\$10	\$1	\$11		\$11
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					
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	\$0		\$0		\$0
70000 Total Revenue	\$496,307	\$14,112	\$510,419		\$510,419
91100 Administrative Salaries	\$31,370		\$31,370		\$31,370
91200 Auditing Fees	\$4,340		\$4,340		\$4,340
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$8,512		\$8,512		\$8,512
91600 Office Expenses	\$10,470	\$96	\$10,566		\$10,566
91700 Legal Expense		\$500	\$500		\$500
91800 Travel					
91810 Allocated Overhead					
91900 Other	\$4,175	\$994	\$5,169		\$5,169
91000 Total Operating - Administrative	\$58,867	\$1,590	\$60,457		\$60,457
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0		\$0
93100 Water	\$569	\$2,011	\$2,580		\$2,580
93200 Electricity	\$1,492	\$2,714	\$4,206		\$4,206
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$2,061	\$4,725	\$6,786		\$6,786

94100 Ordinary Maintenance and Operations - Labor	\$250	\$225	\$475	\$475
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts	\$500	\$2,578	\$3,078	\$3,078
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$750	\$2,803	\$3,553	\$3,553
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$28		\$28	\$28
96120 Liability Insurance		\$1,449	\$1,449	\$1,449
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$28	\$1,449	\$1,477	\$1,477
96200 Other General Expenses	\$31	\$28	\$59	\$59
96210 Compensated Absences	-\$1,889		-\$1,889	-\$1,889
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	-\$1,858	\$28	-\$1,830	-\$1,830
96710 Interest of Mortgage (or Bonds) Payable		\$8,430	\$8,430	\$8,430
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$8,430	\$8,430	\$8,430
96900 Total Operating Expenses	\$59,848	\$19,025	\$78,873	\$78,873
97000 Excess of Operating Revenue over Operating Expenses	\$436,459	-\$4,913	\$431,546	\$431,546
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$432,966		\$432,966	\$432,966
97350 HAP Portability-In				
97400 Depreciation Expense	\$2,635	\$6,860	\$9,495	\$9,495
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$495,449	\$25,885	\$521,334	\$521,334
10010 Operating Transfer In				
10020 Operating transfer Out				
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$858	-\$11,773	-\$10,915	-\$10,915

11020	Required Annual Debt Principal Payments	\$0	\$4,261	\$4,261	\$4,261
11030	Beginning Equity	\$20,885	-\$65,393	-\$44,508	-\$44,508
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$15,242		-\$15,242	-\$15,242
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	-\$75,716		-\$75,716	-\$75,716
11180	Housing Assistance Payments Equity	\$82,217		\$82,217	\$82,217
11190	Unit Months Available	1732	36	1768	1768
11210	Number of Unit Months Leased	1508	36	1544	1544
11270	Excess Cash				
11610	Land Purchases				
11620	Building Purchases				
11630	Furniture & Equipment - Dwelling Purchases				
11640	Furniture & Equipment - Administrative Purchases				
11650	Leasehold Improvements Purchases				
11660	Infrastructure Purchases				
13510	CFFP Debt Service Payments				
13901	Replacement Housing Factor Funds				

UNION CITY HOUSING AUTHORITY
Union City, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 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
Union City Housing Authority
100 Raulston Avenue
Union City, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Union City Housing Authority, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Union City Housing Authority's basic financial statements and have issued my report thereon dated April 28, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Cost that I consider to be significant deficiencies as items 2015-01, 2015-02 and 2015-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union City Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Cost as items 2015-01, 2015-02 and 2015-03.

Union City Housing Authority's Response to Findings

The Union City Housing Authority's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Responses. Union City Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.



Certified Public Accountant

Fredericksburg, Indiana
April 28, 2016

UNION CITY HOUSING AUTHORITY
Union City, Indiana

SEPTEMBER 30, 2015

SCHEDULE OF FINDINGS AND RESPONSES

PRIOR YEAR FINDINGS

2014-01

RENTAL RECEIPT PROCESS:

PRIOR
CONDITION:

The Authority does not have systems in place to properly account for rental income.

CURRENT
CONDITION:

Continues as 2015-001.

This finding continues as of 2015-001.

2014-02

UNALLOWABLE EXPENSES:

PRIOR
CONDITION:

The Authority has paid expenses for the business activities program (rental property) from the Voucher program cash account.

CURRENT
CONDITION:

Continues as 2015-002.

This finding continues as of 2015-002.

2014-03

SEMAP:

PRIOR
CONDITION:

The Authority did not properly prepare the Section 8 management assessment form (SEMAP).

CURRENT
CONDITION:

Continues as 2015-003.

This finding continues as 2015-003.

UNION CITY HOUSING AUTHORITY
Union City, Indiana

SEPTEMBER 30, 2015
SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

CURRENT YEAR FINDINGS

2015-001 CURRENT
CONDITION: RENTAL RECEIPT PROCESS:

The Authority does not have systems in place to properly account for rental income.

CRITERIA: HUD rules and regulations require a system of internal controls for the cash receipts process for rental collections.

CAUSE/EFFECT: The Authority acquired an apartment building and did not put a system in place to record rental transactions.

RECOMMENDATION: I recommend the Authority implement proper internal controls including a rental register and a daily statement of operations. The Authority should place greater emphasis on safe keeping its records and ensuring all information requested is readily available for audit examination.

REPLY: The Housing Authority will be adopting a new policy concerning rental receipts. This includes a rental register, monthly statement of operations, and recordkeeping policies. This policy will be effective December 31, 2015.

DISCUSSED WITH: Amy Holt 11/24/15

2015-002 UNALLOWABLE EXPENSES:

CURRENT
CONDITION: The Authority has paid expenses for the business activities program (rental property) from the Voucher program cash account.

CRITERIA: HUD rules and regulations require that the voucher program cash can only be used for allowable costs as stated in the annual contributions contract.

CAUSE/EFFECT: The Authority used the voucher funds to pay for the rental property expenses. These transactions were accounted for as an interfund between the programs.

QUESTIONED COSTS: \$10,657

RECOMMENDATION: I recommend that the Authority implement proper budgeting internal controls in order to determine if the property will cash flow and pay back the liability.

REPLY: The Housing Authority is currently implementing a budget to determine when these funds will be paid back. The budget will be completed by December 31, 2015.

DISCUSSED WITH: Amy Holt 11/24/15

UNION CITY HOUSING AUTHORITY
Union City, Indiana

SEPTEMBER 30, 2015
SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

CURRENT YEAR FINDINGS
Continued

2015-003

SEMAP:

CURRENT
CONDITION:

The Authority did not properly prepare the Section 8 management assessment form (SEMAP).

CRITERIA:

HUD rules and regulations require the rules at 24 CFR section 982 to be followed:

CAUSE/EFFECT:

The Authority does not understand the procedures for gathering the data for indicators number 1, 5, and 6.

RECOMMENDATION:

I recommend the Authority review the SEMAP reporting rules and perform the proper tests to report the indicators listed above.

REPLY:

The Authority has reviewed the regulations and will perform the proper tests to report effective on our next SEMAP 2015.

DISCUSSED WITH:

Amy Holt 11/24/15

UNION CITY HOUSING AUTHORITY
Union City, Indiana

September 30, 2015

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2014-01	Rental Receipt Process	Continues
2014-02	Unallowable Expenses	Continues
2014-03	SEMAP	Continues