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June 28, 2017

Board of Directors
Putnam County Housing Authority
309 E. Franklin Street
Greencastle, IN 46135

We have reviewed the audit report prepared by BRZ Sailor Khan, LLC, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Putnam County Housing Authority, as of June 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We draw your attention to Finding 2015-001 in the Schedule of Findings and Questioned Costs, which is referenced in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. It describes both a significant deficiency and noncompliance.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

PUTNAM COUNTY HOUSING AUTHORITY
GREENCASTLE, INDIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

PUTNAM COUNTY HOUSING AUTHORITY
Greencastle, Indiana

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SECTION I
AUDITOR'S REPORT
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Putnam County Housing Authority
Greencastle, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Putnam County Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Putnam County Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 Putnam County Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Putnam County Housing 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam County Housing Authority, as of June 30, 2015 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through vii 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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam County Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above described supplementary information is fairly stated, in all material respects, in relation to the basic 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 May 12, 2016 on our consideration of the Putnam County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of 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* in considering the Putnam County Housing Authority's internal control over financial reporting and compliance.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
May 12, 2016

Putnam County Housing Authority

Management's Discussion and Analysis (MD&A)

June 30, 2015

(Unaudited)

This section of the Putnam County Housing Authority annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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 income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of June 30, 2015 were \$19,283. The net position decreased by \$37,006, a decrease of 65.7% from the prior year.

Revenues and contributions for the Authority were \$720,214 for the year ended June 30, 2015. This was an increase of \$12,000 or 1.7% from the prior year.

Expenses for the Authority were \$765,508 for the year ended June 30, 2015. This was an increase of \$44,376 or 6.2% from the prior year.

HUD operating grants were \$577,192 for the year ended June 30, 2015. This was an increase of \$73,954 or 14.7% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Required Financial Statements

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

Putnam County Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and 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.

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2015 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$19,283 at the close of the year ended June 30, 2015 down from \$56,289 in 2014. The decrease in net assets of \$37,006 was due to the change in net position for the year.

The unrestricted net assets were \$137,135 as of June 30, 2015. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$21,157 in net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is unable to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

Putnam County Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

CONDENSED STATEMENTS OF NET POSITION
JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 167,214	\$ 239,192	\$ (71,978)	-30.1%
Capital assets	459,003	456,247	2,756	0.6%
Total Assets	<u>626,217</u>	<u>695,439</u>	<u>(69,222)</u>	-10.0%
Current liabilities	20,209	8,119	12,090	148.9%
Noncurrent liabilities	586,725	631,031	(44,306)	-7.0%
Total Liabilities	<u>606,934</u>	<u>639,150</u>	<u>(32,216)</u>	-5.0%
Net Position				
Net investment in capital assets	(139,009)	(174,784)	35,775	-20.5%
Restricted for HAP	21,157	77,182	(56,025)	-72.6%
Unrestricted	137,135	153,891	(16,756)	-10.9%
Total Net Position	<u>\$ 19,283</u>	<u>\$ 56,289</u>	<u>\$ (37,006)</u>	-65.7%

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page total revenues and contributions increased by \$12,000 due to increases in rental revenue and HUD operating grants, which were offset by decreases in operating grants-other, interest income and other income. HUD revenue will often vary from year to year since it is dependent on the federal budget (operating subsidy) and availability and/or use of grant revenues. Rental revenues increased due to higher rents paid by tenants. Operating grants-other decreased due to the Rural Rental Housing program receiving fewer funds during the year. Other income increased due to increases in other tenant revenues.

Putnam County Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

***CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30,***

	2015	2014	Dollar Change	Percent Change
Revenues and Contributions				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 13,853	\$ 11,140	\$ 2,713	24.4%
HUD operating grants	577,192	503,238	73,954	14.7%
Operating grants - other	114,899	140,928	(26,029)	-18.5%
Interest income	73	149	(76)	-51.0%
Other income	14,197	51,858	(37,661)	-72.6%
Gain (loss) on disposition of capital items	----	901	(901)	-100.0%
Total Revenues and Contributions	720,214	708,214	12,000	1.7%
Expenses				
Personal services	108,046	88,086	19,960	22.7%
Utilities	10,057	11,601	(1,544)	-13.3%
Operations and maintenance	13,323	10,960	2,363	21.6%
Interest Expense	17,382	35,084	(17,702)	-50.5%
Insurance	8,194	8,795	(601)	-6.8%
Other supplies and expenses	53,020	43,929	9,091	20.7%
Housing assistance payments	532,691	501,908	30,783	6.1%
Depreciation	22,795	20,769	2,026	9.8%
Total Expenses	765,508	721,132	44,376	6.2%
Change in net position	(45,294)	(12,918)	(32,376)	
Beginning net position	56,289	69,207	(12,918)	
Prior period adjustments	8,288	----	8,288	
Beginning net position, adjusted	64,577	69,207	(4,630)	
Ending net position	\$ 19,283	\$ 56,289	\$ (37,006)	

Total expenses for the Authority increased by \$44,376 due to increases in personal services, operations and maintenance, other supplies and expenses, housing assistance payments and depreciation, which were partially offset by decreases in utilities, interest expense and insurance. Personal services increased due to increases in salaries and benefits. Operations and maintenance increased due to increases in material and contract costs. Other supplies and expenses increased due to increases in staff training, accounting fees, office expenses and other general expenses.

**Putnam County Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued**

CAPITAL ASSETS

Capital Assets - The Putnam County Housing Authority's investment in capital assets, as of June 30, 2015 amounts to \$459,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

***CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
JUNE 30,***

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>
Land	\$ 33,120	\$ 33,120	\$ ----
Building	779,472	755,948	23,524
Furniture, equipment and machinery-administration	22,117	33,107	(10,990)
Leasehold improvements	<u>4,227</u>	<u>4,227</u>	<u>----</u>
	838,936	826,402	12,534
Accumulated depreciation	<u>379,933</u>	<u>370,155</u>	<u>9,778</u>
Total	<u>\$ 459,003</u>	<u>\$ 456,247</u>	<u>\$ 2,756</u>

The total increase in the Authority's capital assets for the current fiscal year was \$2,756 or 0.6% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$25,551 for the year. The Authority has no available in Capital Funds to draw down and spend in the future.

DEBT ADMINISTRATION

Debt - The Authority has Rural Rental Housing Loan for the Northview Apartments that were used to purchase land and buildings. Total mortgage debt as of September 30, 2015 is \$598,012, down from \$631,031 in FY 2014. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2016 Federal budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Annie Taylor, Executive Director, Putnam County Housing Authority, 309 East Franklin Street, Greencastle, Indiana 46135, (765) 653-8228.

SECTION II
FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents	\$	101,813
Receivable - net of allowances:		
Accounts		17,186
Prepaid expenses		6,874
Restricted cash and cash equivalents		<u>41,341</u>
Total Current Assets		<u>167,214</u>

Capital assets:

Land, improvements, and construction in progress		33,120
Other capital assets, net of depreciation		<u>425,883</u>
Total capital assets- net		<u>459,003</u>
Total Assets		<u>626,217</u>

See notes to financial statements

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2015

LIABILITIES

Current Liabilities:

Accounts Payable	\$	2,085
Accrued salaries, wages and benefits		1,444
Accrued compensated absences		1,107
Tenant security deposit liability		2,509
Interest payable		1,656
Current portion of long term debt		11,287
Deferred revenues		121

Total Current Liabilities 20,209

Noncurrent Liabilities:

Long term debt		<u>586,725</u>
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Total Noncurrent Liabilities 586,725

Total Liabilities 606,934

NET ASSETS

Invested in capital assets, net of related debt		(139,009)
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Restricted for:

HAP		21,157
Unrestricted		<u>137,135</u>

Total Net Assets 19,283

Total Liabilities and Net Assets \$ 626,217

See notes to financial statements

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended June 30, 2015

Operating Revenues:

Rental revenue	\$ 13,853
Operating subsidies- HUD grants	577,192
Operating subsidies- other grants	114,899
Other revenues	<u>14,197</u>
Total operating revenues	<u>720,141</u>

Operating Expenses:

Personal services	108,046
Utilities	10,057
Operations and maintenance	13,323
Insurance	8,194
Other supplies and expenses	53,020
Housing assistance payments	532,691
Depreciation	<u>22,795</u>
Total operating expenses	<u>748,126</u>

Operating income (loss)	<u>(27,985)</u>
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Non-operating revenues (expenses):

Interest and investment earnings	73
Interest expense	<u>(17,382)</u>

Net non-operating revenues (expenses)	<u>(17,309)</u>
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Change in net assets	(45,294)
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Net assets at beginning of year	56,289
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Prior period error corrections	<u>8,288</u>
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Net assets adjusted at beginning of year	<u>64,577</u>
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Net assets at end of year	<u><u>\$ 19,283</u></u>
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See notes to financial statements

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2015

Cash flows from operating activities:

Cash received from tenants	\$	13,197
Cash received from HUD grants- operating		580,146
Cash received from other grants		101,373
Cash received from other operating activities		13,070
Cash payments for goods and services		(617,518)
Cash payments to employees-salaries		(98,699)
Cash payments to employees-compensated absences		(1,692)
Cash payments for employee benefit contributions		(6,375)

Net cash provided (used) by operating activities (16,498)

Cash flows from capital and related financing activities:

Payments for capital assets		(25,551)
Principal paid on capital debt		(24,731)
Interest paid on capital debt		(17,473)

Net cash (used) for capital and related financing activities (67,755)

Cash flows from investing activities:

Proceeds from sale of (payments) for investments		3,891
Interest and dividends		73
Receipts (payments) from tenant security deposits		(385)

Net cash provided (used) from investing activities 3,579

Net increase (decrease) in cash and cash equivalents (80,674)

Cash and cash equivalents at beginning of year 223,828

Cash and cash equivalents at end of year \$ 143,154

Cash and cash equivalents \$ 101,813

Restricted cash and cash equivalents 41,341

Total cash and cash equivalents at end of year \$ 143,154

See notes to financial statements

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2015

**Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:**

Operating income (loss)	\$	(27,985)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		22,795
Allowance for doubtful accounts		(835)
Changes in assets and liabilities:		
Receivables		(11,436)
Prepaid expenses		(316)
Accounts and other payables		83
Deferred revenues		(84)
Compensated absences		1,081
Accrued expenses		199
		<hr/>
Net cash provided (used) by operating activities	\$	<u><u>(16,498)</u></u>

See notes to financial statements

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

The Putnam County Housing Authority (Authority) is a non-profit entity established to provide low-rent housing, under the housing choice vouchers program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1a. Financial Reporting Entity

The Housing Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and GASB No. 61, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units' board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. GASB Implementation

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

1c. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Rural Rental Housing	Accounts for activities of the Northview Apartments which is a HUD Section 8 New Construction/Rural Development 515, apartment complex. The complex consists of four buildings divided into 24 units. There are 6 one-bedroom apartments, 14 two bedroom apartments and 4 three bedroom apartments. The mortgage for the property is held by U.S. Department of Agriculture Rural Development (Formerly the Farmers Home Administration) as part of their Section 515 Loan Program. The low income tenants pay income bases rent with the balance of the rent subsidized through the HUD Section 8 New Construction Program. The Housing Authority obtained the property in December of 1995, with assistance from both Rural Development and HUD because the original owner defaulted on his mortgage with Rural Development.

1d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the “economic resources” measurement focus is used as follows:

- ▶ The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1e. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accounts receivable - other government, accounts receivable - miscellaneous and fraud recovery compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Budgets and Budgetary Accounting

The Authority adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$500 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40	years
Furniture, equipment and machinery - administration	3 - 7	years
Leasehold improvements	15	years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers which is a HUD program and the Rural Rental Housing which is a U.S. Department of Agriculture program.

Compensated Absences

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity (Continued)

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1f. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual programs, if any, have been eliminated.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 2 - Stewardship, Compliance, and Accountability

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2a. Program Accounting Requirements

The Authority complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

Program	Required By
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Rural Rental Housing	U.S. Department of Agriculture

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

NOTE 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3a. Cash

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2015, the Authority's bank balances of \$143,748, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3b. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents as of June 30, 2015, are as follows:

<u>Type of Restricted Cash and Cash Equivalents</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Unspent HAP	\$ 21,157	\$ ----	\$ 21,157
Rural Rental Reserve	<u>20,184</u>	<u>----</u>	<u>20,184</u>
	<u>\$ 41,341</u>	<u>\$ ----</u>	<u>\$ 41,341</u>

3c. Accounts Receivable

Receivables detail at June 30, 2015, is as follows:

Tenant accounts receivable	\$ 623	
Allowance for doubtful accounts	<u>----</u>	
Tenants accounts receivable - net		\$ 623
Fraud recovery	2,151	
Allowance for doubtful accounts	<u>(1,075)</u>	
Fraud recovery - net		1,076
Accounts receivable - other government		13,526
Accounts receivable - other		<u>1,961</u>
		<u>\$ 17,186</u>

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3d. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance June 30, 2015</u>
Land	\$ 33,120	\$ ----	\$ ----	\$ 33,120
Building	755,948	23,524	----	779,472
Furniture, equipment and machinery- administration	33,107	2,027	(13,017)	22,117
Leasehold improvements	<u>4,227</u>	<u>----</u>	<u>----</u>	<u>4,227</u>
	826,402	<u>\$ 25,551</u>	<u>\$ (13,017)</u>	838,936
Accumulated depreciation	<u>370,155</u>	<u>\$ 22,795</u>	<u>\$ (13,017)</u>	<u>379,933</u>
Total	<u>\$ 456,247</u>			<u>\$ 459,003</u>

For assets that are depreciated refer to Note 1e - Capital Assets

3e. Accounts Payable

Payable detail at June 30, 2015, is as follows:

Accounts payable - vendors	\$ 1,392
Accrued liabilities - other	<u>693</u>
	<u>\$ 2,085</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2015 is \$1,107.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

Type of Debt	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due within One Year
Notes payable -RRH	\$ 613,324	\$ ----	\$ 26,599	\$ 586,725	\$ 11,287
Total	\$ 613,324	\$ ----	\$ 26,599	\$ 586,725	\$ 11,287

Annual Debt Service Requirements

On April 1, 2013 the Housing Authority refinanced their rural rental housing loan at a new interest rate of 3.125% for a term of 440 months (36 years and 8 months) with monthly payments of \$2,482.70 per month. Payments to start on May 1, 2013.

Project/Loan #	Date of Note	Length of Note	Maturity Date	Original Amount	Interest Rate	Current Balance
Rural Rental Housing Loan- Northview Apartments	4-01-13	36yrs 8 months	12-01-49	\$ 649,827.62	3.125%	\$ <u>598,012.00</u>

3h. Interprogram Transactions

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

3i. Unrestricted net position - Prior-period Error Corrections

Following is the composite of error corrections:

1 Long-term debt - correct prior year notes payable	\$ <u>8,288</u>
Totals	\$ <u>8,288</u>

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 4 - Other Notes

4a. Employee Retirement Plan

The Putnam County Housing Authority provides pension benefits to all its eligible full time employees through a defined contribution plan administered by Facts, Incorporated. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The Plan was established, is authorized and may be amended by the Authority's Board of Commissioners. Employees are eligible to participate at the start of employment. The plan requires the Putnam County Housing Authority to contribute 7 percent of covered payroll and the employees to contribute 7 percent of covered payroll. There is no vesting requirements with this plan. Authority contributions forfeited by employees are used to pay administrative costs of the plan. The Authority accounts for pension costs as incurred.

For the year ended June 30, 2015, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 98,898
Payroll for covered employees	\$ 98,898
Employer (Authority) contributions made	\$ 3,995
Employee contributions made	\$ 3,995
Initial investment made by employer	\$ 906

The Authority offers no other post employment benefits.

4b. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with HBG Insurance and Bonds.
b. Injuries to employees (workers' compensation)	Purchased insurance with HBG Insurance and Bonds; Claims are administered by HBG Insurance and Bonds.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.
d. Health	Authority reimburses up to 50% of employees health insurance premiums with is then included in gross income.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE 4 - Other Notes (Continued)

4c. Economic Dependency

The Putnam County Housing Authority receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

4d. Contingencies

The Authority is subject to possible examination 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. No significant violations of finance-related legal or contractual provisions occurred.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended June 30, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Low Income Public Housing</u>		
	<u>Major - Direct Program</u>		
2015	Housing Choice Vouchers	14.871	\$ <u>577,192</u>
	<u>U.S. Department of Agriculture</u>		
2015	<u>Major - Direct Program</u>		
	Rural Rental Housing	10.415	\$ <u>712,911</u>
	Total		\$ <u>1,290,103</u>

Rural Rental includes loan in the amount of \$598,012.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

EXHIBIT A
FINANCIAL DATA SCHEDULE

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$117,215	\$2,916	\$120,131		\$120,131
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$330	\$20,184	\$20,514		\$20,514
114 Cash - Tenant Security Deposits		\$2,509	\$2,509		\$2,509
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$117,545	\$25,609	\$143,154	\$0	\$143,154
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government		\$13,526	\$13,526		\$13,526
125 Accounts Receivable - Miscellaneous	\$1,961		\$1,961		\$1,961
126 Accounts Receivable - Tenants		\$623	\$623		\$623
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$2,151		\$2,151		\$2,151
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,075		-\$1,075		-\$1,075
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,037	\$14,149	\$17,186	\$0	\$17,186
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$2,646	\$4,228	\$6,874		\$6,874
143 Inventories					

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$123,228	\$43,986	\$167,214	\$0	\$167,214
161 Land		\$33,120	\$33,120		\$33,120
162 Buildings		\$779,472	\$779,472		\$779,472
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$11,725	\$10,392	\$22,117		\$22,117
165 Leasehold Improvements		\$4,227	\$4,227		\$4,227
166 Accumulated Depreciation	-\$10,472	-\$369,461	-\$379,933		-\$379,933
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,253	\$457,750	\$459,003	\$0	\$459,003
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,253	\$457,750	\$459,003	\$0	\$459,003
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$124,481	\$501,736	\$626,217	\$0	\$626,217

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$147	\$1,245	\$1,392		\$1,392
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$938	\$506	\$1,444		\$1,444
322 Accrued Compensated Absences - Current Portion	\$775	\$332	\$1,107		\$1,107
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$1,656	\$1,656		\$1,656
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$2,509	\$2,509		\$2,509
342 Unearned Revenue	\$34	\$87	\$121		\$121
343 Current Portion of Long-term Debt - Capital		\$11,287	\$11,287		\$11,287
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other		\$693	\$693		\$693
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$1,894	\$18,315	\$20,209	\$0	\$20,209
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		\$586,725	\$586,725		\$586,725
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					

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14,871 Housing Choice Vouchers	10,415 Rural Rental Housing Loans	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$586,725	\$586,725	\$0	\$586,725
300 Total Liabilities	\$1,894	\$605,040	\$606,934	\$0	\$606,934
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,253	-\$140,262	-\$139,009		-\$139,009
511.4 Restricted Net Position	\$21,157	\$0	\$21,157		\$21,157
512.4 Unrestricted Net Position	\$100,177	\$36,958	\$137,135		\$137,135
513 Total Equity - Net Assets / Position	\$122,587	-\$103,304	\$19,283	\$0	\$19,283
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$124,481	\$501,736	\$626,217	\$0	\$626,217

Housing Authority of the City of Greencastle (IN094)

Greencastle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$13,215	\$13,215		\$13,215
70400 Tenant Revenue - Other		\$2,097	\$2,097		\$2,097
70500 Total Tenant Revenue	\$0	\$15,312	\$15,312	\$0	\$15,312
70600 HUD PHA Operating Grants	\$577,192		\$577,192		\$577,192
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			\$0	\$0	\$0
70800 Other Government Grants		\$114,899	\$114,899		\$114,899
71100 Investment Income - Unrestricted	\$8	\$47	\$55		\$55
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$2,779		\$2,779		\$2,779
71500 Other Revenue	\$10,580	\$838	\$11,418	-\$10,580	\$838
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		\$18	\$18		\$18
70000 Total Revenue	\$590,559	\$131,114	\$721,673	-\$10,580	\$711,093
91100 Administrative Salaries	\$47,468	\$20,313	\$67,781		\$67,781

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
91200 Auditing Fees	\$3,791	\$1,625	\$5,416		\$5,416
91300 Management Fee		\$0	\$0	-\$10,580	-\$10,580
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$190	\$81	\$271		\$271
91500 Employee Benefit contributions - Administrative	\$3,729	\$1,015	\$4,744		\$4,744
91600 Office Expenses	\$14,386	\$5,830	\$20,216		\$20,216
91700 Legal Expense		\$269	\$269		\$269
91800 Travel	\$586	\$700	\$1,286		\$1,286
91810 Allocated Overhead					
91900 Other	\$11,511	\$14,051	\$25,562		\$25,562
91000 Total Operating - Administrative	\$81,661	\$43,884	\$125,545	-\$10,580	\$114,965
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	\$0
93100 Water		\$4,294	\$4,294		\$4,294
93200 Electricity		\$5,763	\$5,763		\$5,763
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Greencastle (IN094)

Greencastle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$10,057	\$10,057	\$0	\$10,057
94100 Ordinary Maintenance and Operations - Labor	\$3,961	\$27,156	\$31,117		\$31,117
94200 Ordinary Maintenance and Operations - Materials and		\$8,537	\$8,537		\$8,537
94300 Ordinary Maintenance and Operations Contracts	\$168	\$4,618	\$4,786		\$4,786
94500 Employee Benefit Contributions - Ordinary Maintenance	\$310	\$1,321	\$1,631		\$1,631
94000 Total Maintenance	\$4,439	\$41,632	\$46,071	\$0	\$46,071
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$72	\$6,662	\$6,734		\$8,734
96120 Liability Insurance	\$218	\$94	\$312		\$312
96130 Workmen's Compensation	\$625	\$330	\$955		\$955
96140 All Other Insurance	\$135	\$58	\$193		\$193
96100 Total insurance Premiums	\$1,050	\$7,144	\$8,194	\$0	\$8,194
96200 Other General Expenses					
96210 Compensated Absences	\$1,448	\$1,325	\$2,773		\$2,773
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents		\$1,459	\$1,459		\$1,459
96500 Bad debt - Mortgages					

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14,871 Housing Choice Vouchers	10,415 Rural Rental Housing Loans	Subtotal	ELIM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$1,448	\$2,784	\$4,232	\$0	\$4,232
96710 Interest of Mortgage (or Bonds) Payable		\$17,382	\$17,382		\$17,382
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$17,382	\$17,382	\$0	\$17,382
96900 Total Operating Expenses	\$88,598	\$122,883	\$211,481	-\$10,580	\$200,901
97000 Excess of Operating Revenue over Operating Expenses	\$501,961	\$8,231	\$510,192	\$0	\$510,192
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$532,691		\$532,691		\$532,691
97350 HAP Portability-In					
97400 Depreciation Expense	\$166	\$22,629	\$22,795		\$22,795
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$621,455	\$145,512	\$766,967	-\$10,580	\$756,387
10010 Operating Transfer In					
10020 Operating transfer Out					

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14,871 Housing Choice Vouchers	10,415 Rural Rental Housing Loans	Subtotal	ELIM	Total
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$30,896	-\$14,398	-\$45,294	\$0	-\$45,294
11020 Required Annual Debt Principal Payments	\$0	\$33,020	\$33,020		\$33,020
11030 Beginning Equity	\$153,734	-\$97,062	\$56,672		\$56,672
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$251	\$8,156	\$7,905		\$7,905
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$122,257		\$122,257		\$122,257
11180 Housing Assistance Payments Equity	\$330		\$330		\$330

Housing Authority of the City of Greencastle (IN094)
Greencastle, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	Subtotal	ELIM	Total
11190 Unit Months Available	1734	288	2022		2022
11210 Number of Unit Months Leased	1867	233	1900		1900
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					

SECTION III
REPORTS ON COMPLIANCE
AND
ON INTERNAL CONTROL

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

Board of Commissioners
Putnam County Housing Authority
Greencastle, 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 Putnam County Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Putnam County Housing Authority's basic financial statements, and have issued our report thereon dated May 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Putnam County 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Putnam County Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Putnam County 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. . 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. The deficiency is shown on page 7.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Putnam County Housing Authority's financial statements are free from 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs. The deficiency is shown on page 7.

Putnam County Housing Authority, Indiana's Response to Findings

The Putnam County Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Putnam County Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
May 12, 2016

**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance Required by OMB Circular A-133**

Board of Commissioners
Putnam County Housing Authority
Greencastle, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Putnam County Housing Authority, Indiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Putnam County Housing Authority's major federal programs for the year ended June 30, 2015. The Putnam County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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 Putnam County Housing 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Putnam County Housing 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 with each major program. However, our audit does not provide a legal determination of the Putnam County Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Putnam County Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Putnam County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Putnam County Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 Putnam County Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement 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.

BRZ Sailor Khan LLC

BRZ Sailor Khan, LLC
May 12, 2016

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

June 30, 2015

The prior audit report for the year ended June 30, 2014 contained one significant deficiency:

Finding: 2014-001
Reserve Withdraw Made Without Approval (Rural Rental Housing Loan Program)

Condition: At June 30, 2014, the Executive Director, violated the terms of the loan covenant by wire transferring funds out of the Restricted Accounts without prior approval of an authorized USDA official into another account. Those funds were then used to pay for window replacements that the Board of Commissioners had earlier voted to fund with operating funds.

Views of responsible officials and planned correct actions: The Executive Director was unaware of the Board action that directed that the window replacement expenditures be paid from operating funds. The Executive Director was also not aware of the restrictive loan covenants. The Executive Director will seek guidance from the proper USDA officials and the Board on the proper way to replenish the funds to the Restricted Reserve Account.

Current Disposition: Implemented

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	No
Identification of major programs:	

CFDA	
Number(s)	Name of Federal Program
10-415	Rural Rental Housing
14-871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2015 disclosed the following Financial Statement audit findings:

2015-001 Tenant Files

Criteria:

HUD guidelines on tenant file documentation must be followed.

Condition:

During our review of tenant files we noted that new admission to the Housing Choice Vouchers did not contain rent reasonableness certifications.

Questioned Costs:

None.

Effect:

Tenant files are incomplete.

Cause:

Management oversight in the preparation of tenant files.

Recommendation:

We recommend the Authority ensure that all files contain the aforementioned forms.

Views of responsible officials and planned correct actions:

The Executive Director will over see the review of tenant files to insure all certifications are included for new admissions.

PUTNAM COUNTY HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2015 disclosed no Federal Awards audit findings.