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July 18, 2017

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

We have reviewed the audit report prepared by Goldie Roberts, CPA, for the period January 1, 2016 to December 31, 2016. 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 Housing Authority of the City of Huntingburg, as of December 31, 2016 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG

AUDITED FINANCIAL STATEMENTS

Huntingburg, Indiana

December 31, 2016

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
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404-297-9881

**HOUSING AUTHORITY
OF THE CITY OF HUNTINGBURG**

**Huntingburg, Indiana
December 31, 2016**

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Housing Authority of the City of Huntingburg ("the Authority") which comprise the Statement of Net Position as of December 31, 2016, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Huntingburg's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Huntingburg as of December 31, 2016, 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 v be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 5, 2017 on my consideration of the Housing Authority of the City of Huntingburg's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Huntingburg's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
May 5, 2017

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016

Management's Discussion and Analysis

As management of the Huntingburg Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

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

Overview of the Financial Statements

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016
(Continued)

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

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

Low Income Public Housing

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

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2016 that will significantly affect the Authority's Net Position either positively or negatively.

Condensed Comparative Financial Statements

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

Total Net Position for FYE 2016 was \$590,734 and at FYE 2015 the amount was \$560,252. This represents a net increase of \$ 37,969, or 6.0%.

Cash increased by \$85,575. This was due to an increase in HUD Operating grants.

Other Current Assets increased by \$866. Other current assets increased primarily as a result of increases in materials inventory and prepaid insurance.

Capital Assets decreased by \$48,472. The change in Capital Assets will be presented in the section entitled Analysis of Capital Asset Activity.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016
(Continued)

Condensed Comparative Financial Statements

Current Liabilities decreased by \$502. The decrease in current liabilities was due to the accrual of construction project during the previous year

Non-Current Liabilities increased by \$5,876. Non-Current liabilities increased a per GASB requirements. The Authority also recognized deferred outflows and inflows of resources as required by the same standards

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Percent Variance</u>
Cash	\$ 287,999	\$ 202,424	\$ 85,575	42.3%
Other Current Assets	14,292	13,426	866	6.5%
Capital Assets	353,160	401,632	(48,472)	-12.1%
Deferred Outflows of Resources	12,292	13,910	(1,618)	-11.6%
Total Assets and Deferred Outflows of Resources	\$ 667,743	\$ 631,392	\$ 36,351	5.8%
Current Liabilities	\$ 35,424	\$ 34,922	\$ 502	1.4%
Non Current Liabilities	38,991	33,115	5,876	17.7%
Deferred Inflows of Resources	2,594	3,103	(509)	-16.4%
Total Assets and Deferred Inflows of Resources	\$ 77,009	\$ 71,140	\$ 5,869	8.2%
Investment in Capital Assets	\$ 353,160	\$ 401,632	\$ (48,472)	-12.1%
Unrestricted Net Position	237,574	158,620	78,954	49.8%
Total Net Position	\$ 590,734	\$ 560,252	\$ 30,482	5.4%

The table below illustrates our analysis:

Analysis of Entity Wide Revenues (Statement of Activities)

Total Revenue for FYE 2016 were \$377,435 and at FYE 2015 the amount was \$288,172 for an increase of 89,263

Tenant Revenue decreased by \$724 or >1%. Tenant revenue decreased because of changing tenant characteristics.

HUD Operating Grants increased by \$79,482 or 73% because the Authority due to an increase in grant funding by HUD.

Other Income increased by \$7,027 or 181%.

Investment Income increased by \$3,478 or 770% due to an increase in funds invested..

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016

(Continued)

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Percentage Change</u>
Total Tenant Revenue	\$ 174,372	\$ 175,096	\$ (724)	0%
HUD Operating Grants	188,212	108,730	79,482	73%
Other Income	10,921	3,894	7,027	181%
Investment Income	3,930	452	3,478	770%
Total Revenue	<u>\$ 377,435</u>	<u>\$ 288,172</u>	<u>\$ 89,263</u>	<u>31%</u>

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2016 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	<u>\$ 288,172</u>

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2016 were \$346,953 as compared to the \$304,687 of total expenditures for Fiscal Year Ending December 31, 2015. Comparatively, Fiscal Year Ending 2016 expenditures increased by \$42,266 or 14% from Fiscal Year Ending 2015 expenditures. Changes by major expense category will be presented below.

Administrative expenditures increased by \$9,604 or 10%. The increase was primarily due to an increase in employee benefits and other administrative expenses.

Utilities expenses decreased by \$3,280 or 5%. Water and sewer expenses decreased because of decreasing rates and consumption.

Maintenance expenditures increased by \$7,418 or 10%. Maintenance costs increased due to of increases in contract costs for routine maintenance activities.

Extraordinary Maintenance increased by \$15,579 due to an increase in extraordinary maintenance items.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016

(Continued)

The table below illustrates our analysis:

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	\$ 101,570	\$ 91,966	\$ 9,604	10%
Tenant Services	995	491	504	103%
Utilities	63,126	66,406	(3,280)	-5%
Maintenance	80,145	72,727	7,418	10%
General Expense	38,841	22,511	16,330	73%
Extraordinary Maintenance	10,663	(4,916)	15,579	0%
Depreciation Expense	51,613	55,502	(3,889)	-7%
Total Expenses	<u>\$ 346,953</u>	<u>\$ 304,687</u>	<u>\$ 42,266</u>	<u>14%</u>

Analysis of Capital Asset Activity

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

Construction in Process increased by \$701 because the Authority did not fully capitalize construction in process during the fiscal year.

Accumulated Depreciation increased by \$51,612. This is the amount of depreciation expense recognized during the fiscal year.

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 14,750	\$ 14,750	0	0.0%
Buildings	2,373,218	2,373,218	0	0.0%
Furniture, Equip., & Mach. - Dwelling	144,275	141,836	2,439	1.7%
Furniture, Equip., & Mach. - Administrative	194,697	194,697	0	0.0%
Infrastructure	108,120	108,120	0	0.0%
Construction in Process	701	0	701	100.0%
Total Capital Assets	<u>2,835,761</u>	<u>2,832,621</u>	<u>3,140</u>	<u>0.1%</u>
Accumulated Depreciation	2,482,601	2,430,989	51,612	2.1%
Net Capital Assets	<u>\$ 353,160</u>	<u>\$ 401,632</u>	<u>\$ (48,472)</u>	<u>-12.1%</u>

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 224,082
Restricted cash and cash equivalents	63,917
Accounts receivable, net	1,203
Prepaid insurance	2,239
Inventory	<u>10,850</u>
Total Current Assets	<u>302,291</u>

CAPITAL ASSETS

Land and other nondepreciable assets	15,451
Depreciable capital assets, net	<u>337,709</u>
Total Capital Assets	<u>353,160</u>

Total Assets	<u>655,451</u>
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Deferred outflow of resources

Pension related	<u>12,292</u>
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Total Assets and Deferred Outflow of Resources	<u>667,743</u>
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CURRENT LIABILITIES

Accounts payable	4,072
Accrued liabilities	17,440
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	10,892
Unearned revenue	<u>3,020</u>
Total Current Liabilities	35,424

NONCURRENT LIABILITIES

Compensated absences	1,776
Net Pension Liability	<u>37,215</u>
Total Noncurrent Liabilities	<u>38,991</u>

Total Liabilities	<u>74,415</u>
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Deferred inflow of resources

Pension related	<u>2,594</u>
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NET POSITION

Investment in capital assets	353,160
Unrestricted	<u>237,574</u>

TOTAL NET POSITION	\$ <u>590,734</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES

Rental income	\$ 174,372
Other revenue	10,921

TOTAL OPERATING REVENUES	185,293
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OPERATING EXPENSES

Administrative	102,499
Tenant services	995
Utilities	63,126
Ordinary maintenance and operation	90,808
General expense	37,912
Depreciation expense	51,613

TOTAL OPERATING EXPENSES	346,953
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OPERATING INCOME (LOSS)	<u>(161,660)</u>
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NONOPERATING REVENUES (EXPENSES)

Federal operating grants	188,212
Interest income	3,930

TOTAL NONOPERATING REVENUES	192,142
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CHANGE IN NET POSITION	30,482
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NET POSITION, BEGINNING OF YEAR	<u>560,252</u>
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NET POSITION, END OF YEAR	<u>\$ 590,734</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 174,975
Payments to suppliers	(218,988)
Payments to/for employees	<u>(69,128)</u>
 Net Cash Flows Provided (Used) by Operating Activities	 <u>(103,426)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>3,930</u>
 Net Cash Provided by Investing Activities	 3,930

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	0
Capital assets purchased	<u>(3,141)</u>
 Net Cash Provided (Used) from Capital and Related Financing Activities	 <u>(3,141)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>188,212</u>
 Net Cash Flows Provided by Noncapital Financing Activities	 <u>188,212</u>

Net Increase (Decrease) in Cash and Cash Equivalents	85,575
 Cash - Beginning of year	<u>202,424</u>
 Cash - End of year	\$ <u><u>287,999</u></u>
 Reconciliation of Cash	
Unrestricted	\$ 224,082
Restricted	<u>63,917</u>
	\$ <u><u>287,999</u></u>

Continued

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (161,660)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	51,613
(Increase) Decrease in:	
Accounts receivable	(603)
Prepaid expenses	752
Inventory	(1,015)
Increase (Decrease) in:	
Accounts payable	116
Accrued liabilities	7,230
Unearned revenue	141
	<hr/>
Net Cash Flows Provided (Used) by Operating Activities	\$ <u><u>(103,426)</u></u>

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG ("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 Housing Authority of the City of Huntingburg. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Housing Authority of the City of Huntingburg include the following:

At December 31, 2016, the Housing Authority has 50 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	50

The Authority is also operating Capital Fund Grant Programs.

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:

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

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

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

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.

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

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

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

Tenant Receivable - Receivable 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 - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2016.

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

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

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 \$1,500 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

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 related 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 costs 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, and 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 liability and disclosure of contingent liability at the date of the financial statements and report 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 scheduled 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.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE B - Deposits, Cash and Cash Equivalents, and Investments:

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2016, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

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

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

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

At December 31, 2016, the carrying amount of the Authority's deposits was \$287,999 and the bank balance was \$290,621. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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

Deposits consist of the following:

Checking account	\$ 181,799
Money Market Account, Savings and Certificate of Deposit	<u>106,200</u>
Total	<u>\$ 287,999</u>

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2016, consist of the following:

Tenants, Net of allowance \$1,705	\$ 1,059
Accrued Receivable	<u>144</u>
Total	<u>\$ 1,203</u>

NOTE D - Prepaid Expense:

Prepaid expenses at December 31, 2016, consists of the following:

Prepaid insurance and other expenses	<u>\$ 2,239</u>
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NOTE E - Inventory:

Inventory at December 31, 2016, consists of the following:

Materials and supplies	<u>\$ 10,850</u>
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Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

	Beginning Balance 12/31/15	Increases	Decreases	Transfers	Ending Balance 12/31/16
Capital assets, not being depreciated:					
Land	\$ 14,750	\$ 0	\$ 0	\$ 0	\$ 14,750
Construction in Progress	<u>0</u>	<u>701</u>	<u>0</u>	<u>0</u>	<u>701</u>
Total Capital Assets, Not being depreciated	<u>14,750</u>	<u>701</u>	<u>0</u>	<u>0</u>	<u>15,451</u>
Capital Assets, being depreciated:					
Buildings & Improvements	2,481,338	0	0	0	2,481,338
Furniture, Equipment & Machinery	<u>336,533</u>	<u>2,439</u>	<u>0</u>	<u>0</u>	<u>338,972</u>
Total Capital Assets, being depreciated	<u>2,817,871</u>	<u>2,439</u>	<u>0</u>	<u>0</u>	<u>2,820,310</u>

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
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NOTES TO FINANCIAL STATEMENTS
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(Continued)

NOTE F - Capital Assets: (Continued)

Less Accumulated Depreciation for:					
Buildings & Improvements	(2,113,734)	(48,312)	0	0	(2,162,046)
Furniture, Equipment and Machinery	(317,254)	(3,300)	0	0	(320,554)
Total Accumulated Depreciation:	(2,430,988)	(51,612)	0	0	(2,482,601)
Total Capital Assets, being depreciated, net	386,883	(49,173)	0	0	337,709
Capital Assets, Net	\$ 401,632	\$(48,472)	\$ 0	\$ 0	\$ 353,160

Depreciation expense for the year ended December 31, 2016, was \$51,613.

NOTE G- Pension Plan:

Description of Pension Plan

Plan Description The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). Details of the PERF Hybrid Plan and PERF ASA Only Plan are described below.

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year. Effective July 1, 2008, members who have at least one (1) year of service in both PERF and TRF have the option of choosing from which of these funds they would like to retire. As of June 30, 2016, there were 1,176 participating political subdivisions in addition to the State. As of June 30, 2016, PERF membership consisted of:

Retired Members, Beneficiaries, and Disabled Members Receiving Benefits	83,188
Inactive Vested Members Entitled To But Not Yet Receiving Benefits	29,702
Inactive Non-Vested Members Entitled To a Distribution of ASA Balance	50,212
Active Members: Vested and Non-Vested	<u>131,178</u>
Total	294,280

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE G- Pension Plan: (Continued)

Contributions

The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the year ended June 30, 2016, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.19 percent was required from employers during the period of July 1 through December 31, 2015, and an average contribution rate of 11.2 percent was required for the period of January 1 through June 30, 2016. For the ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance with IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.6 percent for the year ended June 30, 2016 and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan. The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member employed by the State for the PERF ASA Only Plan. Political subdivisions may choose to pay part or all of the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective 7/1/2014) the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

PERF Hybrid Plan

Plan Description The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Retirement Benefits - Defined Benefit Pension

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable

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NOTES TO FINANCIAL STATEMENTS

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(Continued)

NOTE G- Pension Plan: (Continued)

service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A non-vested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service. A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation. A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above. A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent. The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2016; however, eligible members received a one-time check (a.k.a. 13th check) in September 2015. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2014, and who was entitled to receive a monthly benefit on July 1, 2015.

Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent. Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE G- Pension Plan: (Continued)

the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Retirement Benefits - Annuity Savings Account Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision. Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among the following eight (8) investment options, with varying degrees of risk and return potential:

Guaranteed Fund - This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the INPRS Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund.

Large Cap Equity Index Fund - This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.

Small/Mid Cap Equity Fund - This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.

International Equity Fund - This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.

Fixed Income Fund - This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.

Inflation-Linked Fixed Income Fund - This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.

Target Date Funds - The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.

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(Continued)

NOTE G- Pension Plan: (Continued)

Money Market Fund - This fund's objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member. Members may direct changes to their investment fund allocations daily and investments are reported at fair market value.

ASA Only Plan

Plan Description

The PERF ASA Only Plan was established by the Indiana Legislature in 2011 with an effective date of March 1, 2013 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013 were members of the PERF Hybrid Plan or (2) on or after March 1, 2013 do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA Only Plan as an option to their employees.

Retirement Account

The PERF ASA Only Plan maintains an annuity savings account for each member. Each member's account consists of two (2) subaccounts within the annuity savings account structure. There is a member contribution subaccount (which is the same as the annuity savings account in the PERF Hybrid Plan) and an employer contribution subaccount. The member's contribution subaccount consists of the member's contributions, set by statute at three (3) percent of covered payroll as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member's contribution subaccount. The State shall pay the member's contributions on behalf of the member. The employer contribution subaccount consists of the employer's contributions and the earnings on the employer's contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11. The PERF ASA Only Plan allows members to actively participate in managing their retirement benefits through self-directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount), are invested as a combined total, according to the member's investment elections. The members can direct their investments among the following aforementioned eight (8) investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds. A description of each of these Funds is earlier in this note in the PERF Hybrid Plan Retirement Benefits - Annuity Savings Account section, except for the Stable Value Fund: Stable Value Fund (available only to PERF ASA Only members) - This fund's objective is to provide a market rate of return consistent with the preservation of principal through a shorter maturity, high quality portfolio. A member is immediately vested in the member contribution subaccount. In order to receive contributions and earnings from the employer contribution subaccount, a member must meet vesting requirements (full years of participation) to qualify for a distribution.

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(Continued)

NOTE G- Pension Plan: (Continued)

The vesting schedule is as follows:

One (1) year of participation = 20%
Two (2) years of participation = 40%
Three (3) years of participation = 60%
Four (4) years of participation = 80%
Five (5) years of participation = 100%

A member who terminates service with their employer is entitled to withdraw the total amount in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity provided through INPRS. If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw the total amount in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity provided through INPRS if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees. If a member dies while in active service or after terminating service in a position covered by the Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to have the member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition, if the member was not fully vested in the plan.

Basis of Accounting

The financial statements of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

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NOTES TO FINANCIAL STATEMENTS

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(Continued)

NOTE G- Pension Plan: (Continued)

Method Used to Value Investments

The pooled and non-pooled investments are generally reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are generally reported using cost-based measures, which approximates fair value.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and security pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ significantly from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Benefits and Distributions

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Pension, disability and special death benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or automatically distributed by the fund when certain criteria are met.

The total pension liability is determined by actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of

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DECEMBER 31, 2016

(Continued)

NOTE G- Pension Plan: (Continued)

occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. There were no changes in assumptions and methods for financial reporting purposes. The accompanying Schedule of Contributions in the Required Supplementary Information presents trend information about the amounts contributed to the plan by employers and a non employer contributing entity in comparison to the Actuarially Determined Contribution (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and the amortization of any unfunded actuarial accrued liability (or funding excess). Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Description PERF TRF Pre-1996 Account TRF 1996 Account 1977 Fund JRS EG&C Plan PARF LEDB Plan Valuation Date: Assets June 30, 2016 Liabilities June 30, 2015 - Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 measurement date. Actuarial Cost Method (Accounting) Entry Age Normal (Level Percent of Payroll) Actuarial Assumptions: Experience Study Date Period of 4 years ended June 30, 2014 Period of 3 years ended June 30, 2014 Period of 4 years ended June 30, 2014 Investment Rate of Return (Accounting) 6.75%, net of investment expense, including inflation Cost of Living Increases (COLA) or "Ad Hoc" COLA (see Note 1.) 1.0% 1.0% 2.0% 2.5% 1.0% N/A 1.0% Future Salary Increases, including Inflation 2.50% - 4.25% 2.5% - 12.5% 2.5% 2.5% 2.5% 4.0% 2.25% Inflation 2.25% Mortality RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has

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(Continued)

NOTE G- Pension Plan: (Continued)

been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Geometric Basis Long-Term Expected Real Rate of Return Target Asset Allocation Public Equity 5.7 % 22.0 % Private Equity 6.2 10.0 Fixed Income - Ex Inflation-Linked 2.7 24.0 Fixed Income - Inflation-Linked 0.7 7.0 Commodities 2.0 8.0 Real Estate 2.7 7.0 Absolute Return 4.0 10.0 Risk Parity 5.0 12.0 Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the non employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$53,450	\$37,215	\$23,722

Pension Expense

For the year ended December 31, 2016, the Housing Authority recognized pension expense of \$30,546, 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.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE G- Pension Plan: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$834	\$69
Net differences between projected and actual investment earnings on pension plan investments	\$8,185	\$2,094
Change of assumptions	\$1,642	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$1,631	\$431
Total	\$12,292	\$2,594

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

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2017	\$3,864
2018	\$2,429
2019	\$2,414
2020	\$991
2021	\$0
Thereafter	\$0
Total	\$9,708

The information presented above has not been audited.

NOTE H - Accounts Payable:

Accounts payable at December 31, 2016, consist of the following:

Vendor Accounts Payable	<u>\$ 4,072</u>
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HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE I - Accrued Liabilities:

Accrued liabilities at December 31, 2016, consist of the following:

Payment in lieu of taxes	\$ 9,361
Accrued Wages	1,342
Accrued compensated absences	197
Accrued Utilities	<u>6,540</u>
 Total	 <u>\$ 17,440</u>

NOTE J - Unearned Revenue:

Unearned revenue at December 31, 2016, consists of the following:

Prepaid Rent	\$ 1,135
Huntingburg Assistance Fund	<u>1,885</u>
 Total	 <u>\$ 3,020</u>

NOTE K - Noncurrent Liabilities:

Noncurrent liabilities at December 31, 2016, consist of the following:

	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>	<u>Due within one year</u>	<u>Total due</u>
Accrued compensated absences	\$ 939	\$ 837	\$ 0	\$ 1,776	\$ 197	\$ 1,973
Net pension liability	<u>32,176</u>	<u>5,039</u>	<u>0</u>	<u>37,215</u>	<u>0</u>	<u>37,215</u>
 Total	 <u>\$ 33,115</u>	 <u>\$ 5,876</u>	 <u>\$ 0</u>	 <u>\$ 38,991</u>	 <u>\$ 197</u>	 <u>\$ 39,188</u>

Note L - Federal Operating Grants:

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

Low Rent Public Housing	\$ 79,944
Capital Fund Program	<u>108,268</u>
 Total	 <u>\$ 188,212</u>

Note M - Commitments and Contingencies:

Litigation: At December 31, 2016, the Authority was not involved in any threatened litigation.

Examination: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, law and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2016.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

Note M - Commitments and Contingencies: (Continued)

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.

Construction Projects: There is one major construction project in progress at December 31, 2016. The Authority spends capital funds on the rental units at the project sites. These expenditures are being funded by HUD. Funds are requested periodically as the cost is incurred.

Note N - Risk Management:

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

Note O - Economic Dependency:

The Authority receives approximately 50% of its operating revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

Note P - Conduit Type Debt:

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

NOTE Q - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through April 3, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, 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>	<u>2016</u>
Housing Authority of the City of Huntingburg proportion of the net pension liability	.0000076	.0000079	.0000082
Housing Authority of the City of Huntingburg proportionate share of the net pension liability	\$ 19,972	\$ 32,176	\$ 37,215
Housing Authority of the City of Huntingburg covered employee payroll	\$ 37,005	\$ 37,894	\$ 39,985
Housing Authority of the City of Huntingburg proportionate share of the net pension liability as a percentage of it's covered employee payroll	.539711	.849105	.930724

Note: Additional years information will be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 3,923	\$ 4,244	\$ 4,413
Contributions in relation to the contractually required contribution	<u>\$ 3,923</u>	<u>\$ 4,244</u>	<u>\$ 4,413</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Housing Authority of the City of Huntingburg covered employee payroll	\$ 37,005	\$ 37,894	\$ 39,985
Contributions as a percentage of covered employee payroll	10.6%	11.2%	11.0%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2016

	A C C		
	C-543	C-543	
	Low	Capital	
	Income	Fund	
	Public	Programs	
	Housing		Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 224,082	\$ 0	\$ 224,082
Restricted cash and cash equivalents	63,917	0	63,917
Accounts receivable, net	1,203	0	1,203
Prepaid insurance	2,239	0	2,239
Inventory	10,850	0	10,850
Total Current Assets	302,291	0	302,291
<u>CAPITAL ASSETS</u>			
Land and other nondepreciable assets	15,451	0	15,451
Depreciable capital assets, net	337,709	0	337,709
Total Capital Assets	353,160	0	353,160
Total Assets	655,451	0	655,451
<u>Deferred outflow of resources</u>			
Pension related	12,292	0	12,292
Total Assets and Deferred Outflow of Resources	667,743	0	667,743
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	4,072	0	4,072
Accrued liabilities	17,440	0	17,440
Payable from restricted cash and cash equivalents:			
Tenant's security deposits	10,892	0	10,892
Unearned revenue	3,020	0	3,020
Total Current Liabilities	35,424	0	35,424
<u>NONCURRENT LIABILITIES</u>			
Compensated absences	1,776	0	1,776
Net pension liability	37,215	0	37,215
Total Noncurrent Liabilities	38,991	0	38,991
Total Liabilities	74,415	0	74,415
<u>Deferred inflow of resources</u>			
Pension related	2,594	0	2,594
<u>NET POSITION</u>			
Investment in capital assets	353,160	0	353,160
Unrestricted	237,574	0	237,574
TOTAL NET POSITION	\$ 590,734	\$ 0	\$ 590,734

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	C-543	C-543	
	Low Income	Capital	
	Public	Fund	
	Housing	Programs	Total
<u>OPERATING REVENUES</u>			
Rental income	\$ 174,372	\$ 0	\$ 174,372
Other revenue	10,921	0	10,921
TOTAL OPERATING REVENUES	185,293	0	185,293
<u>OPERATING EXPENSES</u>			
Administrative	102,499	0	102,499
Tenant Services	995	0	995
Utilities	63,126	0	63,126
Ordinary maintenance and operation	90,808	0	90,808
General expense	37,912	0	37,912
Depreciation expense	51,613	0	51,613
TOTAL OPERATING EXPENSES	346,953	0	346,953
OPERATING INCOME (LOSS)	(161,660)	0	(161,660)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	79,944	108,268	188,212
Interest income	3,930	0	3,930
TOTAL NONOPERATING REVENUES	83,874	108,268	192,142
CHANGE IN NET POSITION	(77,786)	108,268	30,482
NET POSITION, BEGINNING OF YEAR, as originally stated	560,252	0	560,252
Equity transfers	108,268	(108,268)	0
NET POSITION, BEGINNING OF YEAR, as restated	668,520	(108,268)	560,252
NET POSITION, END OF YEAR	\$ 590,734	\$ 0	\$ 590,734

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2016

Annual Contributions Contract C-543

	<u>501-14</u>	<u>501-15</u>
1. The Capital Fund Grant Costs are as follows:		
Funds Approved	\$ 52,476	\$ 53,091
Funds Expended	<u>52,476</u>	<u>53,091</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 52,476	\$ 53,091
Funds Expended	<u>52,476</u>	<u>53,091</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Costs additions totaling \$ 83,091 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.
3. The total amount of the Capital Fund Grant Costs at December 31, 2016 as shown above are in agreement with the Actual Development Cost Certificate submitted to HUD and approved by HUD.
4. All Capital Fund Grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$224,082	\$224,082	\$224,082
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$50,005	\$50,005	\$50,005
114 Cash - Tenant Security Deposits	\$10,892	\$10,892	\$10,892
115 Cash - Restricted for Payment of Current Liabilities	\$3,020	\$3,020	\$3,020
100 Total Cash	\$287,999	\$287,999	\$287,999
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$2,764	\$2,764	\$2,764
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,705	-\$1,705	-\$1,705
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	\$144	\$144	\$144
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,203	\$1,203	\$1,203
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$2,239	\$2,239	\$2,239
143 Inventories	\$10,850	\$10,850	\$10,850
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$302,291	\$302,291	\$302,291
161 Land	\$14,750	\$14,750	\$14,750
162 Buildings	\$2,373,218	\$2,373,218	\$2,373,218
163 Furniture, Equipment & Machinery - Dwellings	\$144,275	\$144,275	\$144,275
164 Furniture, Equipment & Machinery - Administration	\$194,697	\$194,697	\$194,697
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$2,482,601	-\$2,482,601	-\$2,482,601
167 Construction in Progress	\$701	\$701	\$701
168 Infrastructure	\$108,120	\$108,120	\$108,120
160 Total Capital Assets, Net of Accumulated Depreciation	\$353,160	\$353,160	\$353,160
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	\$353,160	\$353,160	\$353,160
200 Deferred Outflow of Resources	\$12,292	\$12,292	\$12,292
290 Total Assets and Deferred Outflow of Resources	\$667,743	\$667,743	\$667,743
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$4,072	\$4,072	\$4,072
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1,342	\$1,342	\$1,342
322 Accrued Compensated Absences - Current Portion	\$197	\$197	\$197
324 Accrued Contingency Liability			

325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$9,361	\$9,361	\$9,361
341	Tenant Security Deposits	\$10,892	\$10,892	\$10,892
342	Unearned Revenue	\$3,020	\$3,020	\$3,020
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$6,540	\$6,540	\$6,540
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$35,424	\$35,424	\$35,424
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current	\$1,776	\$1,776	\$1,776
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$37,215	\$37,215	\$37,215
350	Total Non-Current Liabilities	\$38,991	\$38,991	\$38,991
300	Total Liabilities	\$74,415	\$74,415	\$74,415
400	Deferred Inflow of Resources	\$2,594	\$2,594	\$2,594
508.4	Net Investment in Capital Assets	\$353,160	\$353,160	\$353,160
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$237,574	\$237,574	\$237,574
513	Total Equity - Net Assets / Position	\$590,734	\$590,734	\$590,734
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$667,743	\$667,743	\$667,743

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$152,123	\$152,123	\$152,123
70400 Tenant Revenue - Other	\$22,249	\$22,249	\$22,249
70500 Total Tenant Revenue	\$174,372	\$174,372	\$174,372
70600 HUD PHA Operating Grants	\$188,212	\$188,212	\$188,212
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	\$3,930	\$3,930	\$3,930
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	\$10,921	\$10,921	\$10,921
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$377,435	\$377,435	\$377,435
91100 Administrative Salaries	\$41,229	\$41,229	\$41,229
91200 Auditing Fees	\$5,314	\$5,314	\$5,314
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$10,667	\$10,667	\$10,667
91600 Office Expenses	\$7,606	\$7,606	\$7,606
91700 Legal Expense	\$271	\$271	\$271
91800 Travel	\$2,059	\$2,059	\$2,059
91810 Allocated Overhead			
91900 Other	\$34,424	\$34,424	\$34,424
91000 Total Operating - Administrative	\$101,570	\$101,570	\$101,570
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$995	\$995	\$995
92500 Total Tenant Services	\$995	\$995	\$995
93100 Water	\$10,527	\$10,527	\$10,527
93200 Electricity	\$21,635	\$21,635	\$21,635
93300 Gas	\$8,882	\$8,882	\$8,882
93400 Fuel			
93500 Labor			
93600 Sewer	\$22,082	\$22,082	\$22,082
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$63,126	\$63,126	\$63,126
94100 Ordinary Maintenance and Operations - Labor	\$13,690	\$13,690	\$13,690
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,631	\$9,631	\$9,631
94300 Ordinary Maintenance and Operations Contracts	\$53,282	\$53,282	\$53,282
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,542	\$3,542	\$3,542
94000 Total Maintenance	\$80,145	\$80,145	\$80,145

95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance	\$26,160	\$26,160	\$26,160
96100 Total insurance Premiums	\$26,160	\$26,160	\$26,160
96200 Other General Expenses	\$7,805	\$7,805	\$7,805
96210 Compensated Absences	\$929	\$929	\$929
96300 Payments in Lieu of Taxes	\$180	\$180	\$180
96400 Bad debt - Tenant Rents	\$3,767	\$3,767	\$3,767
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$12,681	\$12,681	\$12,681
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$284,677	\$284,677	\$284,677
97000 Excess of Operating Revenue over Operating Expenses	\$92,758	\$92,758	\$92,758
97100 Extraordinary Maintenance	\$10,663	\$10,663	\$10,663
97200 Casually Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$51,613	\$51,613	\$51,613
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$346,953	\$346,953	\$346,953
10010 Operating Transfer In	\$108,268	\$108,268	\$108,268
10020 Operating transfer Out	-\$108,268	-\$108,268	-\$108,268
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$30,482	\$30,482	\$30,482
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$560,252	\$560,252	\$560,252
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			

11180 Housing Assistance Payments Equity			
11190 Unit Months Available	600	600	600
11210 Number of Unit Months Leased	588	588	588
11270 Excess Cash	\$180,050	\$180,050	\$180,050
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

Independent Auditor's Report

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Huntingburg, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Huntingburg's basic financial statements and have issued my report thereon dated May 5, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
May 5, 2017

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

DECEMBER 31, 2016

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT AUDIT FINDINGS

No matters were reported.