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August 18, 2017

Board of Directors
Housing Authority of the City of Kokomo
201 E Taylor St
Kokomo, IN 46901

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

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

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

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF KOKOMO

AUDITED FINANCIAL STATEMENTS

Kokomo, Indiana

December 31, 2015

Goldie Roberts

Certified Public Accountant

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Fredericksburg, IN 47120
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HOUSING AUTHORITY
OF THE
CITY OF KOKOMO

Kokomo, Indiana
DECEMBER 31, 2015

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Kokomo
P.O. Box 1207
Kokomo, Indiana 46903-1207

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Kokomo ("the Authority") which comprise the Statement of Net Position as of December 31, 2015, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Kokomo'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 Kokomo as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, 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, Schedule of Expenditures of Federal Awards, 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, Schedule of Expenditures of Federal Awards, 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 August 31, 2016, on my consideration of the Housing Authority of the City of Kokomo'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 Kokomo's internal control over financial reporting and compliance.


Certified Public Accountant

Fredericksburg, Indiana
August 31, 2016

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

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

Our discussion and analysis of the financial performance of the Housing Authority of the City of Kokomo, Indiana (Housing Authority) provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2015. Please read the MD&A in conjunction with the Housing Authority's financial statements.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Financial Highlights

Total assets of the Authority for the year ended December 31, 2015, were \$17,137,433. Total liabilities were \$3,839,227. Total assets exceeded liabilities by \$13,298,206 (net position). The Housing Authority's net position decreased by \$664,670 during the year ended December 31, 2015.

Total revenues for the year ended December 31, 2015 were \$7,265,783. Total expenditures for the year ended December 31, 2015, were \$7,930,453. Expenditures exceeded revenues by \$664,670 for the year.

During 2015, the following grants were closed: Capital Fund IN36P00750111 of \$687,759, and Capital Fund IN36P00750112 of \$617,873.

As of December 31, 2015, the Authority's net investment in capital assets was \$15,538,857 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment. Capital outlays for the year were \$311,726.

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Financial Statements, and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements of the Housing Authority report information of the Housing Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Overview of the Financial Statements (continued)

The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

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

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

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

HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2015.

Financial Analysis

The Housing Authority's financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2015. The Statement of Revenues, Expenses and Changes in Fund Net Position summarizes the revenues and sources of those revenues generated during the year ended December 31, 2015, and the expenses incurred in operating the Housing Authority for the year ended December 31, 2015. The Statement of Cash Flows details the inflows and outflows of cash for the year ended December 31, 2015.

The Housing Authority accounts for its housing activities in several programs. The following analysis focuses on the net position and the change in net position of the Housing Authority as a whole and not the individual programs.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Statement of Net Position

December 31, 2015

<u>ASSETS</u>	FYE Dec. 31, 2015	FYE Dec. 31, 2014	Net Change
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 1,032,160	\$ 956,634	\$ 75,526
Accounts Receivable	112,507	128,129	(15,622)
Prepaid Expense	38,637	54,829	(16,192)
Inventory	50,362	47,668	2,694
Total Current Assets	<u>1,233,666</u>	<u>1,187,260</u>	<u>46,406</u>
Capital Assets, Net	<u>15,538,857</u>	<u>16,442,962</u>	<u>(904,105)</u>
Restricted Cash	<u>364,910</u>	<u>371,721</u>	<u>(6,811)</u>
Total Other Assets	<u>364,910</u>	<u>371,721</u>	<u>(6,811)</u>
Total Assets	<u>\$ 17,137,433</u>	<u>\$ 18,001,943</u>	<u>\$ (864,510)</u>
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts Payable	\$ 98,542	\$ 86,079	\$ 12,463
Payable from restricted cash and cash equivalents:			
Tenant's security deposits	82,724	82,512	212
Unearned revenue	26,180	15,563	10,617
Total Current Liabilities	<u>207,446</u>	<u>184,154</u>	<u>23,292</u>
<u>Noncurrent Liabilities</u>			
Long-Term Debt	3,500,256	3,761,490	(261,234)
Other noncurrent liabilities	131,525	93,423	38,102
Total Noncurrent Liabilities	<u>3,631,781</u>	<u>3,854,913</u>	<u>(223,132)</u>
Total Liabilities	<u>\$ 3,839,227</u>	<u>\$ 4,039,067</u>	<u>\$ (199,840)</u>
<u>Net Position</u>			
Unrestricted	\$ 1,231,636	\$ 1,183,675	\$ 47,961
Restricted	27,969	97,729	(69,760)
Net investment in capital assets	12,038,601	12,681,472	(642,871)
Total Net Position	<u>\$ 13,298,206</u>	<u>\$ 13,962,876</u>	<u>\$ (664,670)</u>

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Significant Changes in the Statement of Net Position

Cash and Cash Equivalents increased by \$75,526 from \$956,634 in FY 2014 to \$1,032,160 in FY 2015 due to Net Gain of \$479,461 (not including Depreciation (noncash) Expense of \$1,144,131, unearned revenues of \$26,180 consisting of prepaid tenant rents, less outlays for Low Rent capital assets of \$14,999.

Accounts Receivable for the Housing Authority decreased from \$128,129 in FY 2014 to \$112,507 in FY 2015. At FYE 2014 there was \$46,407 receivable from HUD for grant payments, but \$97,202 was receivable from HUD at FYE 2015. Net tenants accounts receivable increased by \$1,229 from \$17,355 in 2014 to \$18,584 in 2015. The second silent mortgage allowance for doubtful accounts increased from (\$16,700) in FY 2014 to (\$13,275) in FY 2015. At FYE 2014, \$67,792 was receivable from insurance proceeds, but \$0 was receivable at FYE 2015. At FYE 2014, \$0 was receivable from a Pension Reimbursement, but \$146 was receivable at FYE 2015. The Section 32 Low Income Homeownership silent second mortgage decreased from \$16,700 in 2014 to \$13,275 in 2015 due to the cancellation of \$3,425 (one-tenth of the original mortgages).

Prepaid Expense decreased from \$54,829 in FY 2014 to \$38,637 in FY 2015. In 2014, the Housing Authority had prepaid \$45,884 for the following year's insurance and \$8,945 on the Energy Performance Contract loan. In 2015, \$1,854 was prepaid for insurance and \$36,783 on the Energy Performance Contract loan.

Inventory increased from \$47,668 in FY 2014 to \$50,362 in FY 2015. Inventories decreased by \$62, and the allowance for obsolete inventory decreased by \$2,756 resulting in the net increase of \$2,694.

Restricted cash decreased from \$371,721 in FY 2014 to \$364,910 in FY 2015. HCV Program HAP Equity decreased by \$13,762 due to \$22,678 of HAP expense more than what was received from HUD for HAP funding and \$8,916 received in fraud recovery. Cash restricted for payment of current liabilities increased by \$24,572. Cash restricted for Family Self-Sufficiency Escrows increased by \$30,207. The Low Income Homeownership account decreased by \$55,935 from the rehabilitation of several scattered sites. Cash restricted for Tenant Security Deposits increased by \$212. Cash restricted for accrued wages payable increased by \$7,895.

Accounts Payable increased by \$12,463 from \$86,079 in FY 2014 to \$98,542 in FY 2015, and consists of an increase of \$2,257 in payroll related accruals, an increase of \$14,989 in PILOT, and a decrease of \$4,783 for other accounts payable.

Tenant Security Deposits increased from \$82,512 as of December 31, 2014, to \$82,724 as of December 31, 2015.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Significant Changes in the Statement of Net Position (continued)

Unearned revenue, which increased from \$15,563 in FY 2014 to \$26,180 in FY 2015, consisted of an increase of \$10,617 in the amount of tenant prepaid rent in 2015. January 1st is a holiday each year, so residents who receive disability payments from the Federal government received their payments on December 31, 2014, and December 31, 2015. Many of these residents prepaid their January rent.

The total decrease in long-term debt was \$261,234. \$3,370,392 was borrowed as part of a 20 year loan to pay for energy conservation measures under a HUD-approved Energy Performance Contract that was entered into in 2013. Principal payments of \$254,734 were made during 2015. During 2014, Superior Street Development Corporation borrowed \$450,000 to build a four-unit townhouse. During 2015, principal payments of \$6,500 were made.

Other Noncurrent Liabilities increased from \$93,423 in FY 2014 to \$131,525 in FY 2015 and included escrow accounts for those tenants who were enrolled in the five-year Family Self-Sufficiency program. Their total escrow balances increased from \$67,098 in FY 2014 to \$97,305 in FY 2015. \$27,625 was paid to participants who completed the program during 2015. The non-current portion of accrued wages increased by \$7,895.

Unrestricted Net Position increased by \$47,961 from \$1,183,675 in FY 2014 to \$1,231,636 in FY 2015 due to an increase in operating reserves of \$23,913 for 2015 in the Low Income Public Housing program, an increase of \$5,390 in Business Activities, and an increase of \$18,658 in the Section 8 Voucher program.

Restricted Net Position decreased by \$69,760 from \$97,729 in FY 2014 to \$27,969 in FY 2015. Funds from the scattered site sales program, which was established in 2006 for the net proceeds of scattered site sales from the LIPH Homeownership Program, decreased by \$55,935 due to rehabilitation of several scattered site houses. The Housing Choice Voucher HAP Equity decreased by \$13,762 due to less HAP funding received than HAP payments made. The Construction Fund's restricted cash for accrued liabilities decreased by \$63.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Significant Changes in the Statement of Net Position (continued)

Changes in Net Position			
	FYE	FYE	
<u>OPERATING REVENUES</u>	Dec. 31, 2015	Dec. 31, 2014	Net Change
Rental income	\$ 1,024,137	\$ 926,647	\$ 97,490
Other income	71,627	103,236	(31,609)
TOTAL OPERATING REVENUE	<u>1,095,764</u>	<u>1,029,883</u>	<u>65,881</u>
<u>OPERATING EXPENSES</u>			
Administrative	1,261,989	1,219,189	42,800
Tenant services	186,789	185,426	1,363
Utilities	645,721	788,914	(143,193)
Ordinary maintenance & operation	1,501,404	1,507,640	(6,236)
Protective services	13,852	32,158	(18,306)
Casualty loss - not capitalized	6,385	8,918	(2,533)
General expense	283,452	226,555	56,897
Housing assistance payments	2,864,814	2,823,896	40,918
Depreciation expense	1,144,131	1,127,497	16,634
TOTAL OPERATING EXPENSES	<u>7,908,537</u>	<u>7,920,193</u>	<u>(11,656)</u>
OPERATING INCOME (LOSS)	<u>(6,812,773)</u>	<u>(6,890,310)</u>	<u>77,537</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal grants	5,943,696	5,524,616	419,080
Gain or loss on capital assets	0	(43,209)	43,209
Interest expense	(21,916)	(11,565)	(10,351)
Interest income	1,296	1,671	(375)
TOTAL NONOPERATING REVENUE	<u>5,923,076</u>	<u>5,471,513</u>	<u>451,563</u>
CAPITAL CONTRIBUTIONS	<u>225,027</u>	<u>235,549</u>	<u>(10,522)</u>
CHANGE IN NET POSITION	<u>(664,670)</u>	<u>(1,183,248)</u>	<u>518,578</u>
TOTAL NET POSITION - BEGINNING OF YEAR	<u>13,962,876</u>	<u>15,146,124</u>	<u>(1,183,248)</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 13,298,206</u>	<u>\$ 13,962,876</u>	<u>\$ (664,670)</u>

Rental income increased by \$97,490 from \$926,647 in FY 2014 to \$1,024,137 in FY 2015.

Other income decreased by \$31,609 from \$103,236 in FY 2014 to \$71,627 in FY 2015. Fraud recovery from unreported income in the HCV program decreased by \$12,560. Laundry income, insurance dividends and miscellaneous income decreased by \$26,999, and Non-dwelling income increased by 7,950.

Administrative salaries and benefits increased by \$19,004. Staff training expenses increased by \$5,256. Legal expense increased by \$2,407, office expenses increased by \$6,235, and other administrative expenses increased by \$9,898 for a net increase of \$42,800.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis
December 31, 2015
(Continued)

Significant Changes in the Statement of Net Position (continued)

Tenant services increased by \$1,363. Salary and benefit costs decreased by \$4,197. Other tenant services increased by \$5,560.

Utility expenses decreased by \$143,193. Water decreased by \$10,618 and sewage decreased by \$22,414, electricity decreased by \$55,356, and gas decreased by \$30,768. Other utilities expense consists of Energy Performance Contract Measurement and Verification costs and interest expense for the Energy Performance Contract loan. In 2014, this expense was \$159,907 and in 2015, it was \$135,870 - a decrease of \$24,037.

Ordinary maintenance and operations costs decreased by \$6,236. Maintenance salaries and benefits increased by \$1,455. Maintenance material costs increased by \$87,655, and maintenance contract costs decreased by \$95,346.

Protective Services costs decreased by \$18,306 in FY 2015 due to a \$20,000 decrease in additional police protection paid from the Capital Fund due to a change in HUD requirements. \$20,000 was paid in FY 2014 and \$0 in FY 2015. Other protective services including alarm monitoring, extinguisher services, and sprinkler testing and monitoring increased by \$1,694.

Casualty losses decreased by \$2,533. These losses consisting of deductibles and depreciation were \$8,918 in FY 2014 and \$6,385 in FY 2015.

General expenses increased during FY 2015 by \$56,897 from an increase of \$20,073 in insurance costs, an increase of \$14,989 in payment in lieu of taxes (PILOT), an increase of \$14,632 in tenant rent bad debt, an increase in compensated absences of \$7,499, and a decrease of \$296 in miscellaneous general expense.

Even though leasing decreased by 10 unit months, the average Housing Assistance Payment increased from \$368.04 in FY 2014 to \$373.85 in FY 2015, resulting in an increase in Housing Assistance Payments of \$40,918.

Depreciation expense increased by \$16,634 from the addition to capital assets of \$311,726 from Low Income Public Housing and Capital Fund purchases.

The increase in Federal grants of \$419,080 is a net result attributed to several programs. Low Rent's subsidy increased by \$137,730. The Capital Fund grants received \$33,803 in increased funding. The Section 8 Voucher subsidy increased by \$217,377. The Housing Assistance Payment (HAP) subsidy is based on prior periods' payments made. The Administrative Fee Subsidy is based on prior periods' units. A new ROSS Family Service Coordinator grant was awarded in 2015 and \$30,170 was funded for that grant.

The loss of \$43,209 in 2014 resulted from the disposal of capital assets which were not fully depreciated. There was no gain or loss on the disposal of capital assets in 2015.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Significant Changes in the Statement of Net Position (continued)

During FY 2015 interest rates on funds remained low during the year as they did in FY 2014 and earlier, and our reserves were lower during FY 2015. Low Rent Public Housing program earned \$313 more interest, the Section 8 Voucher program \$168 less, the Scattered Sites Homeownership program earned \$374 less, and the Business Activities \$146 less for a total of a \$375 decrease.

Capital contributions are the funds received through the Capital Grant Program that finance the improvements, repairs and replacements to the Housing Authority's buildings and equipment. During 2015, the Authority spent \$10,522 less than during 2014 on the projects that were undertaken.

Financial Position and Results of Operations

The Housing Authority's net position decreased in 2015 from \$13,962,876 in 2014 to \$13,298,206 by \$664,670. The decrease to net assets in FY 2014 was \$1,183,248. The decrease in net position is due to the fact that expenses exceeded revenues for the year. The total operating expenses decreased by \$11,656, the operating revenue increased by \$65,881, the non-operating income increased by \$451,563 and the capital contributions decreased by \$10,522.

Overall there was a \$419,080 increase in total Federal Grants in 2015. The Low Income Public Housing Program had a \$137,730 (6.78%) increase, the Housing Choice Voucher Program a \$217,377 (7.33%) increase, the Capital Fund Grant Program a \$33,803 (6.39%) increase, and the ROSS Grant program a \$30,170 (100%) increase.

Capital Assets

Capital Assets are the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2015:

Land	\$ 1,123,125
Buildings	30,636,102
Furniture and equipment	2,011,970
Construction in Progress	357,313
Sub-total	<u>34,128,510</u>
Less: Accumulated Depreciation	<u>(18,589,653)</u>
Capital Assets, net	<u>\$ 15,538,857</u>
Capital Assets at December 31, 2014	\$ 16,442,962
2015 Depreciation	(1,144,131)
Low Rent Capital Outlays	14,999
Capital Fund Additions	296,727
Decrease in Construction in Progress	(71,700)
Disposals, net of accumulated depreciation	0
Capital Assets at December 31, 2015	<u>\$ 15,538,857</u>

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

Debt

During 2013, the Authority entered into an Energy Performance Contract (EPC) with Johnson Controls, Inc. to install energy conservation measures. The Authority entered into one year construction loan during 2013 which, in 2014, converted into a twenty year \$3,370,392 loan agreement at a 4.55% interest rate with First Farmers Bank & Trust to fund the measures with payments to begin in 2014. HUD has agreed to fund the loan payments by freezing the utility subsidy at pre-EPC rates. The amounts under Loan Payable-EPC total the balance of the loan agreement which is \$3,060,115 at December 31, 2015.

Also during 2013, Superior Street Housing Development Corporation entered into a contract with Monroe Construction to develop a three-bedroom four unit townhouse and entered into a one year construction loan which converted to a thirty year \$450,000 loan agreement at a 4.75% interest rate with Community First Bank to fund the development. The loan payments will be funded by rents received from the units. Interest and principal payments are made monthly, and on December 31, 2014, no loan liability existed. The amount under Loan Payable-Construction of \$440,141 is the balance of the loan at December 31, 2015.

Other noncurrent liabilities consist of \$97,305 of residents' Family Self-Sufficiency escrow deposits and \$34,220 of accrued compensated absences. There are also current accounts payables of \$207,446 consisting of vendor accounts payable of \$98,542 all of which are due and payable within the year, \$82,724 in tenants' security deposits, and \$26,180 of unearned revenues.

Subsequent Events

The Authority adopted, on July 18, 2016, a revised operating budget for FYE December 31, 2016, reflecting total operating revenues of \$7,444,581 and total operating expenses of \$7,340,680. KHA based the budget on the Low Rent program being funded at an 89.76% level - the level published by HUD for FY 2016. The 2015 funding level was 85.36%.

HUD has awarded KHA \$3,093,540 in HAP funding for 2016 which could be adjusted monthly based on HAP payments during the year, and \$333,532 in administrative fees, which are paid solely on the basis of the number of units leased as of the first of each month. The total fee eligibility will be calculated monthly, based on the Authority's VMS reporting.

For FY 2016, KHA received a Family Self-Sufficiency (FSS) grant for a full-time FSS Coordinator in the amount of \$45,000 which is divided between the Low Rent Program and the Housing Choice Voucher Program.

During FY 2016, KHA received an Emergency Safety and Security grant of \$222,810 through HUD to provide additional cameras and security lighting at the Garden Square development.

Housing Authority of the City of Kokomo
Kokomo, Indiana

Management's Discussion and Analysis

December 31, 2015

(Continued)

During 2015, the Authority had pending litigation comprised of a civil suit based on a Civil Rights, Title VII, ADA, and FHA complaint by three Plaintiffs. The Authority's liability insurance carrier is providing counsel and defense. The claims of two of the plaintiffs have been informally resolved. No portion of either settlement was satisfied by using federal funding. The Authority's insured provided the settlement proceeds.

A Motion for Summary Judgment has been filed on the remaining Plaintiff's litigation, which is based on Title VII, ADA, FMLA, and FHA. The Motion is not yet fully briefed. The Plaintiff's deadline for responding to the motion is August 31, 2016. The Authority anticipates filing a reply brief after receiving the Plaintiff's response. If the lawsuit survives the Motion, the court will schedule a status conference to set trial and pre-trial conference dates and pre-trial filing deadlines. The Authority's attorney, as provided by the liability insurance carrier, expressed the opinion that it is premature to predict the outcome of this matter.

On August 24, 2016, tornadoes touched down in Kokomo causing extensive roof, window and tree damage at our Garden Square development. A few of our scattered sites had some minimal damage, and three vehicles were damaged. KHA's property and vehicle insurances will cover the cost of repair and replacement except for the deductibles.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Chief Executive Officer or the Director of Finance:

Kokomo Housing Authority
PO Box 1207
Kokomo, IN 46903-1207
765-459-3162

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

STATEMENT OF NET POSITION

DECEMBER 31, 2015

ASSETS

Current Assets

Cash	\$ 1,032,160
Accounts receivable, net	112,507
Prepaid expenses	38,637
Inventory, net	50,362
Total Current Assets	<u>1,233,666</u>

Noncurrent Assets

Restricted assets

Restricted cash and investments	364,910
Notes and Mortgages receivable	0

Capital assets

Land and other nondepreciable assets	1,480,438
Depreciable capital assets, net	14,058,419
Total Capital Assets	<u>15,538,857</u>

Total Noncurrent Assets **15,903,767**

TOTAL ASSETS **17,137,433**

LIABILITIES

Current liabilities

Accounts payable	181,266
Current portion of long term debt	7,396
Unearned revenue	26,180
Total current liabilities	<u>214,842</u>

Noncurrent liabilities

Other noncurrent liabilities	564,270
Long term debt	3,060,115
Total Noncurrent liabilities	<u>3,624,385</u>

TOTAL LIABILITIES **3,839,227**

NET POSITION

Unrestricted	1,231,636
Restricted	27,969
Net investment in capital assets	12,038,601

TOTAL NET POSITION **\$ 13,298,206**

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

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

OPERATING REVENUES

Total rental income	\$ 1,024,137
Other income	<u>71,627</u>
TOTAL OPERATING REVENUE	<u>1,095,764</u>

OPERATING EXPENSES

Administrative	1,270,986
Tenant services	186,789
Utilities	645,721
Ordinary maintenance and operation	1,507,789
Protective services	13,852
General expense	274,455
Housing assistance payments	2,864,814
Depreciation expense	<u>1,144,131</u>
TOTAL OPERATING EXPENSES	<u>7,908,537</u>

OPERATING INCOME (LOSS) (6,812,773)

NONOPERATING REVENUES (EXPENSES)

Federal operating grants	5,943,696
Interest expense	(21,916)
Interest income	<u>1,296</u>

TOTAL NONOPERATING REVENUES 5,923,076

INCOME (LOSS) BEFORE OTHER REVENUES (889,697)

CAPITAL CONTRIBUTIONS 225,027

INCREASE (DECREASE) IN NET POSITION (664,670)

NET POSITION, BEGINNING OF YEAR 13,962,876

NET POSITION, END OF YEAR \$ 13,298,206

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 1,050,376
Other receipts (payments)	71,627
Payments to suppliers	(1,466,827)
Payments to/for employees	(1,935,746)
Payments to landlords	<u>(2,864,814)</u>
 Net Cash Flows Provided (Used) by Operating Activities	 <u>(5,145,384)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>5,943,696</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	 <u>5,943,696</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	225,027
Principal borrowed on notes	(693,979)
Interest expense	(21,916)
Purchase of capital assets	<u>(240,025)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	 <u>(730,893)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>1,296</u>
Net Cash Flows Provided by Investing Activities	 <u>1,296</u>

Net change in cash	68,715
Cash - Beginning of year	<u>1,328,355</u>
Cash - End of year	<u>\$ 1,397,070</u>

Reconciliation of Cash:

Unrestricted	\$ 1,032,160
Restricted	<u>364,910</u>
Total Cash and Cash Equivalents	<u>\$ 1,397,070</u>

Continued

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

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

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ (6,812,773)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	1,144,131
(Increase) Decrease in:	
Accounts receivable	15,622
Inventory and prepaid expenses	13,498
Increase (Decrease) in:	
Accounts payable	12,675
Accrued liabilities	470,846
Unearned revenue	10,617
	<hr/>
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(5,145,384)</u>

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF KOKOMO ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to special purpose governments engaged in business type activities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF KOKOMO ("the Authority") is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Low Income Public Housing program (Contract No. C-941) and a Section 8 Housing Choice Voucher program (Contract No. C-2034).

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 Kokomo, a primary government. Although it is legally separate from the Kokomo Housing Authority, the Superior Street Housing Development Corporation and Khatco, Inc are reported as if it were part of the primary government because its sole purpose is to work in conjunction with the Housing Authority to assist with providing housing, and it has the same governing board. The criteria for inclusion as a component unit include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Accordingly the Superior Street Housing Development Corporation's and Khatco, Inc.'s financial information have been included with the Kokomo Housing Authority. There are no other component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

At December 31, 2015, the Housing Authority had 1,240 units in management and was administering other programs as listed below:

Management

Low-Income Public Housing	551
Section 8 Housing Choice Vouchers	<u>689</u>
TOTAL ALL MANAGEMENT PROGRAMS	<u>1,240</u>

Other Programs

Capital Fund Program
Resident Opportunity and Supportive Services
Business Activities:
 Superior Street Housing Development Corp.
 Non-Profit Training Company - Khatco, Inc.
 Bond Refunding Construction Fund

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (continued)

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, Expense 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:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has debt for capital assets purchased through its Energy Performance Program.

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 is 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.

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (continued)

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

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a 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 - For financial statement purposes, cash and cash equivalents are considered to be cash in banks and highly liquid investments with original maturities of three months or less. HUD restricts the Authority's direct investments, investments through mutual funds and the underlying collateral of demand deposits to direct obligations, guaranteed obligations or obligations of the agencies of the United States of America.

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

Tenant Receivables - Receivables for rentals and tenant charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes action as necessary (at least annually) to write off specific uncollectible accounts receivable balances.

Interprogram Receivables and Payables - Interprogram receivables/payables are all current, and are the result of the use of the Low Income Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the financial statement presentation.

Inventories - Inventories (consisting of materials and supplies) are valued at cost, which approximated market value, using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

Prepaid Items - Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Restricted Assets - Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted, as they are needed.

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (continued)

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

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. It is the policy of the Authority to capitalize assets costing \$500 or more. Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

Buildings & Improvements	15-40 years
Furniture, Equipment & Machinery	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 are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place. Any portion of vacation time not taken by December 31 will be forfeited.

Annual Contribution Contracts - Annual Contribution Contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

Risk Management - The Authority is exposed to various risks of loss 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 for all property and equipment, employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage and required deductibles in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

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

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (continued)

Leasing Activities (as Lessor) - The Authority is the Lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause. Revenues associated with these leases are recorded in the financial statements and schedules as "Rental Income". Rental Income per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, such as local job availability, which impact personal income.

NOTE 2 - 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 ten years at time of purchase. At December 31, 2015, the Authority's deposits and investments were not limited and all of which are either available on demand or have callable maturities of less than ten 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.

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 2 - Deposits, Cash and Cash Equivalents, and Investments: (continued)

The carrying amounts of the Authority's cash deposits were \$1,397,070 at December 31, 2015. Bank balances before reconciling items were \$1,504,167, the total amount of which 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 includes tenant security deposits and family self-sufficiency escrow deposits.

Cash and Deposits at December 31, 2015, consist of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash/Checking accounts	\$ 1,268,058	\$ 1,374,155
Money Market/Savings/CDs	<u>129,012</u>	<u>130,012</u>
 Total cash and deposits	 <u>\$ 1,397,070</u>	 <u>\$ 1,504,167</u>

NOTE 3 - Accounts Receivable:

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

HUD	\$ 97,202
Notes Receivable, Net of Allowance of \$3,425	9,269
HCV Fraud Recovery Receivable	
Net of Allowance for Doubtful Accounts of \$32,377	0
Tenant Receivables	
Net of Allowance for Doubtful Accounts of \$17,489	5,890
Pension Reimbursement Receivable	<u>146</u>
 Total Accounts Receivable	 <u>\$ 112,507</u>

NOTE 4 - Prepaid Expenses:

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

Prepaid Insurance	\$ 1,854
Prepaid Loan	<u>36,783</u>
 Total Prepaid Expenses	 <u>\$ 38,637</u>

NOTE 5 - Inventory:

Inventory at December 31, 2015 consists of the following:

Inventory, net of allowance of \$4,152	<u>\$ 50,362</u>
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NOTE 6 - Mortgages:

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

Silent Second Homeownership Mortgages	
Net of Allowance of \$9,850	<u>\$ 0</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 7 - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>12/31/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>12/31/15</u>
Capital assets, not being depreciated:					
Land	\$ 1,123,125	\$ 0	\$ 0	\$ 0	\$ 1,123,125
Construction in Progress	<u>429,013</u>	<u>225,027</u>	<u>0</u>	<u>(296,727)</u>	<u>357,313</u>
Total Capital Assets, Not being depreciated	<u>1,552,138</u>	<u>225,027</u>	<u>0</u>	<u>(296,727)</u>	<u>1,480,438</u>
Capital Assets, being depreciated:					
Buildings & Improvements	30,374,379	0	0	261,723	30,636,102
Furniture, Equipment & Machinery	<u>1,989,488</u>	<u>14,999</u>	<u>(27,521)</u>	<u>35,004</u>	<u>2,011,970</u>
Total Capital Assets, being depreciated	<u>32,363,867</u>	<u>14,999</u>	<u>(27,521)</u>	<u>296,727</u>	<u>32,648,072</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(16,118,472)	(967,241)	0	0	(17,085,713)
Furniture, Equipment and Machinery	<u>(1,354,571)</u>	<u>(176,890)</u>	<u>27,521</u>	<u>0</u>	<u>(1,503,940)</u>
Total Accumulated Depreciation:	<u>(17,473,043)</u>	<u>(1,144,131)</u>	<u>27,521</u>	<u>0</u>	<u>(18,589,653)</u>
Total Capital Assets, being depreciated, net	<u>14,890,824</u>	<u>(1,129,132)</u>	<u>0</u>	<u>296,727</u>	<u>14,058,419</u>
Capital Assets, Net	<u>\$16,442,962</u>	<u>\$ (904,105)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$15,538,857</u>

Depreciation expense for the year was: \$1,144,131

The following is a schedule of significant capital construction projects of the Authority with remaining commitment amounts as of December 31, 2015

2014 CFP	CCT	Frame/drywall/install door & closer	\$ 1,530
2014 CFP	Dunbar	Install Roof Box Vents	680
2015 CFP	CCT	Install Water Source Heat Pumps	9,000
2015 CFP	AMP 2	Remove Trip Hazards	5,827
2015 CFP	Garden Square	Repair Piping under B Units	<u>1,977</u>
Total Open Contracts			<u>\$ 19,014</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 8 - Accounts Payable:

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

Vendors' Accounts Payable	\$ 94,847
Tenant Security Deposits	82,724
Accrued Wages/Payroll Taxes Payable	<u>3,695</u>
 TOTAL	 <u>\$ 181,266</u>

NOTE 9 - Unearned Revenue:

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

Tenant prepaid rents	<u>\$ 26,180</u>
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NOTE 10 - Noncurrent Liabilities:

During 2013, the Authority entered into an Energy Performance Contract (EPC) with Johnson Controls, Inc. to install energy conservation measures. The Authority entered into one year construction loan during 2013 which, in 2014, converted into a twenty year \$3,370,392 loan agreement at a 4.55% interest rate with First Farmers Bank & Trust to fund the measures with payments to begin in 2014. HUD has agreed to fund the loan payments by freezing the utility subsidy at pre-EPC rates. The amount under Loan Payable-EPC below totals the balance of the loan agreement which is \$3,060,115 at December 31, 2015.

Also during 2013, Superior Street Housing Development Corporation entered into a contract with Monroe Construction to develop a three-bedroom four unit townhouse and entered into a one year construction loan which converted to a thirty year \$450,000 loan agreement at a 4.75% interest rate with Community First Bank to fund the development. The loan payments will be funded by rents received from the units. Interest and principal payments are made monthly. The amount under Loan Payable-Construction of \$440,141 is the balance of the loan at December 31, 2015.

Beginning in 2012, the Authority began to accrue wages to pay for unused sick leave. The Authority will allow employees who voluntarily resign to cash out (subject to all usual withholdings) a maximum of thirty (30) days of accrued but unused sick leave if they meet all the required conditions.

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

	<u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>	<u>Current Portion</u>	<u>Total</u>
Family Self-Sufficiency						
Escrow Deposits	\$ 67,098	\$ 64,950	\$ 34,743	\$ 97,305	\$ 0	\$ 97,305
Loan Payables-EPC	3,314,849	0	254,734	3,060,115	0	3,060,115
Loan Payables						
-Construction	446,641	0	6,500	432,745	7,396	440,141
Accrued compensated wages	<u>26,325</u>	<u>8,997</u>	<u>1,102</u>	<u>34,220</u>	<u>0</u>	<u>34,220</u>
	<u>\$3,854,913</u>	<u>\$ 73,947</u>	<u>\$ 297,079</u>	<u>\$3,624,385</u>	<u>\$ 7,396</u>	<u>\$3,631,781</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 10 - Noncurrent Liabilities: (continued)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,291	\$ 21,125	\$ 28,416
2017	50,520	241,935	292,455
2018	134,349	158,106	292,455
2019	140,639	151,816	292,455
2020	146,828	145,627	292,455
2021-2025	845,770	616,504	1,462,274
2026-2030	1,063,293	398,981	1,462,274
2031-2035	912,093	135,957	1,048,050
2036-2040	105,887	36,193	142,080
2041-2044	<u>93,586</u>	<u>8,634</u>	<u>102,220</u>
Total	<u>\$3,500,256</u>	<u>\$1,914,878</u>	<u>\$5,415,134</u>

NOTE 11 - Federal Operating Grants:

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

Low Rent Public Housing	\$ 2,168,787
Housing Choice Vouchers	3,182,263
Capital Fund Grants	562,476
ROSS Grants	<u>30,170</u>
TOTAL	<u>\$ 5,943,696</u>

NOTE 12 - Capital Contributions:

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended December 31, 2015, were \$225,027.

Capital Fund	<u>\$ 225,027</u>
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NOTE 13 - Contingencies:

Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. All amounts receivable from HUD as of December 31, 2014, have been received by the Authority.

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the authority in the current and prior years. There were no examinations during the year ended December 31, 2014. Areas of noncompliance, if any, as a result of examinations would be reported in the "Schedule of Findings and Questioned Costs" section of this report.

There were certain major construction projects in progress at December 31, 2015. These include modernizing the inside and outside of rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

Note 13 - Contingencies: (continued)

the cost is incurred. At December 31, 2015, the Authority had not yet spent a total of 697,581 available from the Capital Fund Program grants.

Note 14 - Defined Contribution Plan:

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. The name of the plan is the Employees Money Purchase Plan. The entity that administers the plan is Mass Mutual Financial Group. The Authority's Board of Commissioners is authorized to establish and amend the plan benefits.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contribution and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the Authority's personnel policy, all full-time employees of the Authority must participate in the pension plan beginning 6 months from the date they are hired. As determined by the plan provisions, the Authority's contributions are an amount equal to 9.0% of the employee's base salary each month. Contributions made by the Authority vest after five years of full time employment. An Employee who leaves the employment of the Authority is entitled to the Authority's contributions to the extent vested and the earnings on these amounts. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current-period contribution requirement. During the year ended December 31, 2015, the Authority's required and actual contributions were \$116,725.

No pension plan provision changes occurred during the year that affected the required contributions to be made by the Authority. The Kokomo Housing Authority Employees Money Purchase Plan held no securities of the Authority or other related parties during the year or as of the close of the fiscal year ended December 31, 2015.

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 15 - Litigation:

During 2014, a housing discrimination charge was filed with the Indiana Civil Rights Commission (ICRC) and the Department of Housing and Urban Development (HU). The ICRC issued a Notice of Finding on January 15, 2015, dismissing the charge for no probable cause. The HUD investigation was resolved effective December 28, 2015, via a Voluntary Compliance Agreement.

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2015
(Continued)

NOTE 15 - Litigation: (continued)

During 2015, the Authority had pending litigation comprised of a civil suit based on a Civil Rights, Title VII, ADA, and FHA complaint by three Plaintiffs. The Authority's liability insurance carrier is providing counsel and defense. The claims of two of the plaintiffs have been informally resolved. No portion of either settlement was satisfied by using federal funding. The Authority's insured provided the settlement proceeds.

A Motion for Summary Judgment has been filed on the remaining Plaintiff's litigation, which is based on Title VII, ADA, FMLA, and FHA. The Motion is not yet fully briefed. The Plaintiff's deadline for responding to the motion is August 31, 2016. The Authority anticipates filing a reply brief after receiving the Plaintiff's response. If the lawsuit survives the Motion, the court will schedule a status conference to set trial and pre-trial conference dates and pre-trial filing deadlines. The Authority's attorney, as provided by the liability insurance carrier, expressed the opinion that it is premature to predict the outcome of this matter.

NOTE 16 - Conduit Type Debt:

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

NOTE 17 - Economic Dependency:

The Authority receives approximately 85% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2015

	Annual Contributions Contracts			
	C-941	C-2034	C-941	C-941
		Section 8	Resident	Central
		Housing Choice	Opportunity	Office
	Low Income	Voucher	& Supportive	Cost
	Public Housing	Program	Services	Center
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 332,762	\$ 116,756	\$ 0	\$ 574,577
Accounts receivable, net	111,979	0	0	528
Interprogram	0	0	0	96,820
Prepaid expenses	36,783	0	0	0
Inventory, net	0	0	0	50,362
Total Current Assets	481,524	116,756	0	722,287
<u>Noncurrent Assets</u>				
Restricted assets				
Restricted Cash and Investments	265,328	74,020	0	23,538
Notes and Mortgages receivable	0	0	0	0
Capital assets				
Land and other nondepreciable assets	1,356,993	0	0	123,445
Depreciable capital assets, net	12,965,806	0	0	380,198
Total Capital Assets	14,322,799	0	0	503,643
Total Noncurrent Assets	14,588,127	74,020	0	527,181
TOTAL ASSETS	15,069,651	190,776	0	1,249,468
<u>LIABILITIES</u>				
<u>Current liabilities</u>				
Accounts payable	173,521	531	0	5,190
Current portion of long term debt	0	0	0	0
Interprogram	96,820	0	0	0
Unearned revenue	26,176	0	0	0
Total current liabilities	296,517	531	0	5,190
<u>Noncurrent liabilities</u>				
Other noncurrent liabilities	39,688	73,489	0	18,348
Long term debt	3,060,115	0	0	0
Total Noncurrent liabilities	3,099,803	73,489	0	18,348
TOTAL LIABILITIES	3,396,320	74,020	0	23,538
<u>NET POSITION</u>				
Unrestricted	384,703	116,756	0	722,287
Restricted	25,944	0	0	0
Net investment in capital assets	11,262,684	0	0	503,643
TOTAL NET POSITION	\$ 11,673,331	\$ 116,756	\$ 0	\$ 1,225,930

C-941

Capital Fund Program	Business Activities	Interfund Elimination	Total
\$ 0	\$ 8,065	\$ 0	\$ 1,032,160
0	0	0	112,507
0	0	(96,820)	0
0	1,854	0	38,637
0	0	0	50,362
<u>0</u>	<u>9,919</u>	<u>(96,820)</u>	<u>1,233,666</u>
0	2,024	0	364,910
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	1,480,438
<u>0</u>	<u>712,415</u>	<u>0</u>	<u>14,058,419</u>
<u>0</u>	<u>712,415</u>	<u>0</u>	<u>15,538,857</u>
<u>0</u>	<u>714,439</u>	<u>0</u>	<u>15,903,767</u>
<u>0</u>	<u>724,358</u>	<u>(96,820)</u>	<u>17,137,433</u>
0	2,024	0	181,266
0	7,396	0	7,396
0	0	(96,820)	0
0	4	0	26,180
<u>0</u>	<u>9,424</u>	<u>(96,820)</u>	<u>214,842</u>
0	432,745	0	564,270
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,060,115</u>
<u>0</u>	<u>432,745</u>	<u>0</u>	<u>3,624,385</u>
<u>0</u>	<u>442,169</u>	<u>(96,820)</u>	<u>3,839,227</u>
0	7,890	0	1,231,636
0	2,025	0	27,969
<u>0</u>	<u>272,274</u>	<u>0</u>	<u>12,038,601</u>
<u>\$ 0</u>	<u>\$ 282,189</u>	<u>\$ 0</u>	<u>\$ 13,298,206</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indianan

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

	C-941	Annual Co C-2034 Section 8 Housing Choice Voucher Program
<u>OPERATING REVENUES</u>		
Rental income	\$ 987,791	\$ 0
Other income	36,656	10,152
TOTAL OPERATING REVENUE	1,024,447	10,152
<u>OPERATING EXPENSES</u>		
Administrative	999,481	283,099
Tenant services	138,404	20,670
Utilities	623,962	(79)
Ordinary maintenance and operation	1,483,180	6,538
Protective services	11,615	0
General expense	231,775	12,666
Housing assistance payments	0	2,864,814
Depreciation expense	1,098,484	0
TOTAL OPERATING EXPENSES	4,586,901	3,187,708
OPERATING INCOME (LOSS)	(3,562,454)	(3,177,556)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Federal operating grants	2,168,787	3,182,263
Interest expense	0	0
Interest income	636	189
TOTAL NONOPERATING REVENUES (EXPENSES)	2,169,423	3,182,452
INCOME (LOSS) BEFORE OTHER REVENUES	(1,393,031)	4,896
CAPITAL CONTRIBUTIONS	0	0
INCREASE (DECREASE) IN NET POSITION	(1,393,031)	4,896
NET POSITION - BEGINNING OF YEAR, as originally stated	12,278,859	111,860
Equity transfers	787,503	0
NET POSITION - BEGINNING OF YEAR, as restated	13,066,362	111,860
NET POSITION, END OF YEAR	\$ 11,673,331	\$ 116,756

Contributions Contracts

C-941 Resident Opportunity & Supportive Services	C-941 Central Office Cost Center	C-941 Capital Fund Programs	Business Activities	Elimination	Total
\$ 0	\$ 0	\$ 0	\$ 36,346	\$ 0	\$ 1,024,137
0	656,744	0	0	(631,925)	71,627
<u>0</u>	<u>656,744</u>	<u>0</u>	<u>36,346</u>	<u>(631,925)</u>	<u>1,095,764</u>
2,455	617,826	0	50	(631,925)	1,270,986
27,715	0	0	0	0	186,789
0	21,761	0	77	0	645,721
0	17,153	0	918	0	1,507,789
0	2,237	0	0	0	13,852
0	28,445	0	1,569	0	274,455
0	0	0	0	0	2,864,814
0	26,176	0	19,471	0	1,144,131
<u>30,170</u>	<u>713,598</u>	<u>0</u>	<u>22,085</u>	<u>(631,925)</u>	<u>7,908,537</u>
(30,170)	(56,854)	0	14,261	0	(6,812,773)
30,170	0	562,476	0	0	5,943,696
0	0	0	(21,916)	0	(21,916)
0	460	0	11	0	1,296
<u>30,170</u>	<u>460</u>	<u>562,476</u>	<u>(21,905)</u>	<u>0</u>	<u>5,923,076</u>
0	(56,394)	562,476	(7,644)	0	(889,697)
0	0	225,027	0	0	225,027
0	(56,394)	787,503	(7,644)	0	(664,670)
0	1,282,324	0	289,833	0	13,962,876
0	0	(787,503)	0	0	0
0	1,282,324	(787,503)	289,833	0	13,962,876
<u>\$ 0</u>	<u>\$ 1,225,930</u>	<u>\$ 0</u>	<u>\$ 282,189</u>	<u>\$ 0</u>	<u>\$ 13,298,206</u>

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2015

Annual Contributions Contract C-941

	<u>501-11</u>	<u>501-12</u>
1. The Capital Fund Grant Costs are as follows:		
Funds Approved	\$ 687,759	\$ 617,873
Funds Expended	<u>687,759</u>	<u>617,873</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 687,759	\$ 617,873
Funds Expended	<u>687,759</u>	<u>617,873</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Costs additions totaling \$ 22,774 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, 2015, 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.

Kokomo Housing Authority (IN007)

KOKOMO, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$332,762		\$116,756	\$8,065	\$574,577	\$1,032,160		\$1,032,160
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$72,456		\$73,489		\$18,348	\$164,293		\$164,293
114 Cash - Tenant Security Deposits	\$80,724			\$2,000		\$82,724		\$82,724
115 Cash - Restricted for Payment of Current Liabilities	\$112,148		\$531	\$24	\$5,190	\$117,893		\$117,893
100 Total Cash	\$598,090	\$0	\$190,776	\$10,089	\$598,115	\$1,397,070	\$0	\$1,397,070
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$96,820				\$382	\$97,202		\$97,202
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous					\$146	\$146		\$146
126 Accounts Receivable - Tenants	\$23,316					\$23,316		\$23,316
126.1 Allowance for Doubtful Accounts - Tenants	-\$17,434					-\$17,434		-\$17,434
126.2 Allowance for Doubtful Accounts - Other	-\$13,275				\$0	-\$13,275		-\$13,275
127 Notes, Loans, & Mortgages Receivable - Current	\$12,694					\$12,694		\$12,694
128 Fraud Recovery	\$63		\$32,377			\$32,440		\$32,440
128.1 Allowance for Doubtful Accounts - Fraud	-\$55		-\$32,377			-\$32,432		-\$32,432
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$102,129	\$0	\$0	\$0	\$528	\$102,657	\$0	\$102,657
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$36,783			\$1,854		\$38,637		\$38,637
143 Inventories					\$54,514	\$54,514		\$54,514
143.1 Allowance for Obsolete Inventories					-\$4,152	-\$4,152		-\$4,152
144 Inter Program Due From					\$96,820	\$96,820	-\$96,820	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$737,002	\$0	\$190,776	\$11,943	\$745,825	\$1,685,546	-\$96,820	\$1,588,726
161 Land	\$999,680				\$123,445	\$1,123,125		\$1,123,125
162 Buildings	\$28,972,724			\$745,529	\$917,850	\$30,636,103		\$30,636,103
163 Furniture, Equipment & Machinery - Dwellings	\$1,031,993			\$5,827		\$1,037,820		\$1,037,820
164 Furniture, Equipment & Machinery - Administration	\$659,962		\$5,159		\$309,028	\$974,149		\$974,149
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$17,698,873		-\$5,159	-\$38,941	-\$846,680	-\$18,589,653		-\$18,589,653
167 Construction in Progress	\$357,313					\$357,313		\$357,313
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,322,799	\$0	\$0	\$712,415	\$503,643	\$15,538,857	\$0	\$15,538,857

171	Notes, Loans and Mortgages Receivable - Non-Current	\$9,850					\$9,850		\$9,850
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	\$14,332,649	\$0	\$0	\$712,415	\$503,643	\$15,548,707	\$0	\$15,548,707
200	Deferred Outflow of Resources								
290	Total Assets and Deferred Outflow of Resources	\$15,069,651	\$0	\$190,776	\$724,358	\$1,249,468	\$17,234,253	-\$96,820	\$17,137,433
311	Bank Overdraft								
312	Accounts Payable <= 90 Days	\$53,963		\$531	\$24	\$1,495	\$56,013		\$56,013
313	Accounts Payable >90 Days Past Due								
321	Accrued Wage/Payroll Taxes Payable					\$3,695	\$3,695		\$3,695
322	Accrued Compensated Absences - Current Portion								
324	Accrued Contingency Liability								
325	Accrued Interest Payable								
331	Accounts Payable - HUD PHA Programs								
332	Account Payable - PHA Projects	\$6,824					\$6,824		\$6,824
333	Accounts Payable - Other Government	\$32,010					\$32,010		\$32,010
341	Tenant Security Deposits	\$80,724			\$2,000		\$82,724		\$82,724
342	Unearned Revenue	\$26,176			\$4		\$26,180		\$26,180
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$7,396		\$7,396		\$7,396
344	Current Portion of Long-term Debt - Operating Borrowings								
345	Other Current Liabilities								
346	Accrued Liabilities - Other								
347	Inter Program - Due To	\$96,820					\$96,820	-\$96,820	\$0
348	Loan Liability - Current								
310	Total Current Liabilities	\$296,517	\$0	\$531	\$9,424	\$5,190	\$311,662	-\$96,820	\$214,842
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,060,115			\$432,745		\$3,492,860		\$3,492,860
352	Long-term Debt, Net of Current - Operating Borrowings								
353	Non-current Liabilities - Other	\$30,339		\$66,966			\$97,305		\$97,305
354	Accrued Compensated Absences - Non Current	\$9,349		\$6,523		\$18,348	\$34,220		\$34,220
355	Loan Liability - Non Current								
356	FASB 5 Liabilities								
357	Accrued Pension and OPEB Liabilities								
350	Total Non-Current Liabilities	\$3,099,803	\$0	\$73,489	\$432,745	\$18,348	\$3,624,385	\$0	\$3,624,385
300	Total Liabilities	\$3,396,320	\$0	\$74,020	\$442,169	\$23,538	\$3,936,047	-\$96,820	\$3,839,227
400	Deferred Inflow of Resources								
508.4	Net Investment in Capital Assets	\$11,262,684		\$0	\$272,274	\$503,643	\$12,038,601		\$12,038,601
511.4	Restricted Net Position	\$25,944		\$0	\$2,025	\$0	\$27,969		\$27,969
512.4	Unrestricted Net Position	\$384,703	\$0	\$116,756	\$7,890	\$722,287	\$1,231,636		\$1,231,636
513	Total Equity - Net Assets / Position	\$11,673,331	\$0	\$116,756	\$282,189	\$1,225,930	\$13,298,206	\$0	\$13,298,206
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,069,651	\$0	\$190,776	\$724,358	\$1,249,468	\$17,234,253	-\$96,820	\$17,137,433

Kokomo Housing Authority (IN007)
KOKOMO, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$927,188			\$36,104		\$963,292		\$963,292
70400 Tenant Revenue - Other	\$60,603			\$242		\$60,845		\$60,845
70500 Total Tenant Revenue	\$987,791	\$0	\$0	\$36,346	\$0	\$1,024,137	\$0	\$1,024,137
70600 HUD PHA Operating Grants	\$2,731,263	\$30,170	\$3,182,263			\$5,943,696		\$5,943,696
70610 Capital Grants	\$225,027					\$225,027		\$225,027
70710 Management Fee					\$461,608	\$461,608	-\$461,608	\$0
70720 Asset Management Fee					\$66,000	\$66,000	-\$66,000	\$0
70730 Book Keeping Fee					\$104,317	\$104,317	-\$104,317	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$631,925	\$631,925	-\$631,925	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$446		\$189	\$11	\$460	\$1,106		\$1,106
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery			\$8,916			\$8,916		\$8,916
71500 Other Revenue	\$36,656		\$1,236		\$24,819	\$62,711		\$62,711
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$190					\$190		\$190
70000 Total Revenue	\$3,981,373	\$30,170	\$3,192,604	\$36,357	\$657,204	\$7,897,708	-\$631,925	\$7,265,783
91100 Administrative Salaries	\$285,850		\$133,618		\$434,704	\$854,172		\$854,172
91200 Auditing Fees	\$6,772		\$2,905			\$9,677		\$9,677
91300 Management Fee	\$431,608		\$30,000			\$461,608	-\$461,608	\$0
91310 Book-keeping Fee	\$47,340		\$56,977			\$104,317	-\$104,317	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$95,602		\$32,857		\$133,800	\$262,259		\$262,259
91600 Office Expenses	\$40,791		\$19,833		\$26,549	\$87,173		\$87,173
91700 Legal Expense	-\$918		\$250		\$4,253	\$3,585		\$3,585
91800 Travel								
91810 Allocated Overhead								
91900 Other	\$22,201	\$2,455	\$6,564	\$50	\$13,853	\$45,123		\$45,123
91000 Total Operating - Administrative	\$929,246	\$2,455	\$283,004	\$50	\$613,159	\$1,827,914	-\$565,925	\$1,261,989
92000 Asset Management Fee	\$66,000					\$66,000	-\$66,000	\$0
92100 Tenant Services - Salaries	\$100,947	\$21,580	\$17,660			\$140,187		\$140,187
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$22,203	\$2,672	\$3,010			\$27,885		\$27,885
92400 Tenant Services - Other	\$15,254	\$3,463				\$18,717		\$18,717
92500 Total Tenant Services	\$138,404	\$27,715	\$20,670	\$0	\$0	\$186,789	\$0	\$186,789

93100 Water	\$62,634		\$117	-\$4	\$463	\$63,210		\$63,210
93200 Electricity	\$228,376		-\$274	\$70	\$14,650	\$242,822		\$242,822
93300 Gas	\$119,319		-\$32		\$6,130	\$125,417		\$125,417
93400 Fuel								
93500 Labor								
93600 Sewer	\$77,763		\$110	\$11	\$518	\$78,402		\$78,402
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense	\$135,870					\$135,870		\$135,870
93000 Total Utilities	\$623,962	\$0	-\$79	\$77	\$21,761	\$645,721	\$0	\$645,721
94100 Ordinary Maintenance and Operations - Labor	\$498,543		\$471		\$1,414	\$500,428		\$500,428
94200 Ordinary Maintenance and Operations - Materials and Other	\$384,071		\$1,219	\$118	\$8,203	\$393,611		\$393,611
94300 Ordinary Maintenance and Operations Contracts	\$443,510		\$4,812	\$800	\$7,428	\$456,550		\$456,550
94500 Employee Benefit Contributions - Ordinary Maintenance	\$150,671		\$36		\$108	\$150,815		\$150,815
94000 Total Maintenance	\$1,476,795	\$0	\$6,538	\$918	\$17,153	\$1,501,404	\$0	\$1,501,404
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$11,615				\$2,237	\$13,852		\$13,852
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$11,615	\$0	\$0	\$0	\$2,237	\$13,852	\$0	\$13,852
96110 Property Insurance	\$92,454		\$2,071	\$1,057	\$2,564	\$98,146		\$98,146
96120 Liability Insurance	\$20,136		\$3,756	\$512	\$5,923	\$30,327		\$30,327
96130 Workmen's Compensation	\$25,913		\$5,792		\$12,724	\$44,429		\$44,429
96140 All Other Insurance	\$10,986		\$749		\$3,267	\$15,002		\$15,002
96100 Total insurance Premiums	\$149,489	\$0	\$12,368	\$1,569	\$24,478	\$187,904	\$0	\$187,904
96200 Other General Expenses	\$7,776		\$298		\$3,967	\$12,041		\$12,041
96210 Compensated Absences	\$4,235		\$95		\$4,667	\$8,997		\$8,997
96300 Payments in Lieu of Taxes	\$32,010					\$32,010		\$32,010
96400 Bad debt - Tenant Rents	\$42,500					\$42,500		\$42,500
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$86,521	\$0	\$393	\$0	\$8,634	\$95,548	\$0	\$95,548
96710 Interest of Mortgage (or Bonds) Payable				\$21,916		\$21,916		\$21,916
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	\$21,916	\$0	\$21,916	\$0	\$21,916
96900 Total Operating Expenses	\$3,482,032	\$30,170	\$322,894	\$24,530	\$687,422	\$4,547,048	-\$631,925	\$3,915,123
97000 Excess of Operating Revenue over Operating Expenses	\$499,341	\$0	\$2,869,710	\$11,827	-\$30,218	\$3,350,660	\$0	\$3,350,660
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized	\$6,385					\$6,385		\$6,385
97300 Housing Assistance Payments			\$2,864,814			\$2,864,814		\$2,864,814
97350 HAP Portability-In								
97400 Depreciation Expense	\$1,098,484			\$19,471	\$26,176	\$1,144,131		\$1,144,131

97500	Fraud Losses								
97600	Capital Outlays - Governmental Funds								
97700	Debt Principal Payment - Governmental Funds								
97800	Dwelling Units Rent Expense								
90000	Total Expenses	\$4,586,901	\$30,170	\$3,187,708	\$44,001	\$713,598	\$8,562,378	-\$631,925	\$7,930,453
10010	Operating Transfer In	\$133,348					\$133,348		\$133,348
10020	Operating transfer Out	-\$133,348					-\$133,348		-\$133,348
10030	Operating Transfers from/to Primary Government								
10040	Operating Transfers from/to Component Unit								
10050	Proceeds from Notes, Loans and Bonds								
10060	Proceeds from Property Sales								
10070	Extraordinary Items, Net Gain/Loss								
10080	Special Items (Net Gain/Loss)								
10091	Inter Project Excess Cash Transfer In								
10092	Inter Project Excess Cash Transfer Out								
10093	Transfers between Program and Project - In								
10094	Transfers between Project and Program - Out								
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$605,528	\$0	\$4,896	-\$7,644	-\$56,394	-\$664,670	\$0	-\$664,670
11020	Required Annual Debt Principal Payments	\$114,501	\$0	\$0	\$7,396	\$0	\$121,897		\$121,897
11030	Beginning Equity	\$12,278,859	\$0	\$111,860	\$289,833	\$1,282,324	\$13,962,876		\$13,962,876
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0
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			\$116,756			\$116,756		\$116,756
11180	Housing Assistance Payments Equity			\$0			\$0		\$0
11190	Unit Months Available	6538		8268	48		14854		14854
11210	Number of Unit Months Leased	6250		7663	48		13961		13961
11270	Excess Cash	\$76,838					\$76,838		\$76,838
11610	Land Purchases	\$0				\$0	\$0		\$0
11620	Building Purchases	\$174,059				\$0	\$174,059		\$174,059
11630	Furniture & Equipment - Dwelling Purchases	\$38,845				\$0	\$38,845		\$38,845
11640	Furniture & Equipment - Administrative Purchases	\$18,999				\$0	\$18,999		\$18,999
11650	Leasehold Improvements Purchases	\$0				\$0	\$0		\$0
11660	Infrastructure Purchases	\$0				\$0	\$0		\$0
13510	CFFP Debt Service Payments	\$0				\$0	\$0		\$0
13901	Replacement Housing Factor Funds	\$0				\$0	\$0		\$0

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

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

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments 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.

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HUD</u>				
C-941	Low Income Public Housing	14.850	\$ 2,168,787	\$ 2,168,787
C-941	Resident Opportunity and Supportive Services	14.870	200,300	30,170
C-2034	Section 8 Housing Choice Voucher	14.871	3,182,263	3,182,263
C-941	Capital Fund Program	14.872	<u>3,900,287</u>	<u>787,503</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 9,451,637</u>	<u>\$ 6,168,723</u>

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Kokomo under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Kokomo, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Kokomo.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Housing Authority of the City of Kokomo has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

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 Kokomo
P.O.Box 1207
Kokomo, Indiana 46903-1207

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 Kokomo, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Kokomo's basic financial statements and have issued my report thereon dated August 31, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Kokomo'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 Kokomo's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Kokomo'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 Kokomo'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.

Fredericksburg, Indiana
August 31, 2016

Goldie Roberts
Certified Public Accountant

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Kokomo
P.O. Box 1207
Kokomo, Indiana 46903-1207

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Kokomo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Kokomo's major federal programs for the year ended December 31, 2015. The Housing Authority of the City of Kokomo's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Kokomo's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Kokomo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Kokomo, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Kokomo is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Kokomo's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion

on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Kokomo's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
August 31, 2016

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

DECEMBER 31, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified?

_____yes X none reported

Noncompliance material to financial statements noted?

_____yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified that are not considered to be material weakness(es)?

_____yes X none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____yes X no

Identification of major federal programs:

CFDA Number

14.850

Name of Federal Program

Low Income Public Housing

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____no

HOUSING AUTHORITY OF THE CITY OF KOKOMO
Kokomo, Indiana

DECEMBER 31, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.