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September 26, 2018

Board of Commissioners
Noblesville Housing Authority
320 Kings Lane
Noblesville, IN 46060

We have reviewed the audit report opined on by Goldie Roberts, CPA, Independent Public Accountant, for the period January 1, 2017 to December 31, 2017. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Noblesville Housing Authority, as of December 31, 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

NOBLESVILLE HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Noblesville, Indiana

December 31, 2017

Goldie Roberts

Certified Public Accountant

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

NOBLESVILLE
HOUSING AUTHORITY

Noblesville, Indiana
DECEMBER 31, 2017

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Noblesville Housing Authority
320 Kings Lane
Noblesville, Indiana 46060-2423

Report on the Financial Statements

I have audited the accompanying financial statements of the Noblesville Housing Authority ("the Authority") which comprise the Statement of Net Position as of December 31, 2017, 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 Noblesville Housing Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noblesville Housing Authority as of December 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 19 through 20 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 Principles 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 September 5, 2018 on my consideration of the Noblesville Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of 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 Noblesville Housing Authority's internal control over financial reporting and compliance.



Certified Public Accountant

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Introduction

This Management Discussion and Analysis (MD&A) of the Noblesville Housing Authority (Authority) provides an introduction and overview of the financial statements of the Authority for the fiscal year ended December 31, 2017. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2017, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's Financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has several individual programs. These programs are listed as follows:

- ❖ The Housing Choice Voucher (HCV) Program provides rental assistance to aid low income families afford, decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. The Authority currently has a total of 185 baseline ACC units in addition to 66 port-in units under HCV portability rules as of 12/31/2017. Funds are provided by the US Department of Housing & Urban Development (HUD) to provide HAP for participating families and administrative fee to the Authority for administrative cost of the program.
- ❖ Under an administrative contract the Authority administers a Community Development Block Grant (CDBG) Entitlement to and for Hamilton County, Indiana. Starting with FY 2010, Hamilton County became the responsible entity for financial accounting and annual audit. The CDBG Program does reimburse NHA for expenses related to the administration of the program. Funding is divided into four strategies: improve the quality of housing stock through rehabilitation and repair of owner occupied units; provide critical infrastructure improvements in six Cities and Towns; provide public service activities through-out the County to benefit low-moderate income persons; and to fund administrative cost including fair housing activities.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- ❖ The Statement of Net Position
- ❖ The Statement of Revenue, Expenses and Changes in Fund Net Position
- ❖ The Statement of Cash Flows

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

(Continued)

The Statement of Net Position presents information on the assets and liabilities, with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- ❖ Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- ❖ Restricted consists of position that are restricted by limitations placed on these assets by an external source or party.
- ❖ Unrestricted consists of position that do not meet the definition of the above categories. Unrestricted net position is basically the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses and Changes in Fund Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2017 to determine the change in net position for the fiscal year.

The Statement of Cash Flows report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2017.

Financial Highlights

- ❖ The Authority's total net position increased from the December 31, 2016 balance of \$160,182 to the December 31, 2017 balance of \$167,124 an increase of \$6,942.
- ❖ The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,942 (net position).
- ❖ The Authority had HUD operating grants of \$1,163,619, other operating income of \$611,821 and investment income of \$833 for the year ended December 31, 2017.

Housing Authority Activities and Highlights

The Noblesville Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2017 and December 31, 2016.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

(Continued)

Summary Statement of Net Position
December 31, 2017 and 2016:

	2017	2016	NET CHANGE
ASSETS			
<u>Current Assets</u>			
Cash – Unrestricted	\$ 79,150	\$ 24,079	\$ (55,071)
Cash – Restricted	137,139	163,042	25,903
Accounts Receivable	83,516	200,946	117,430
Prepaid expenses and inventory	1,257	638	(619)
Total current assets	301,062	388,705	87,643
<u>Capital Assets</u>			
Land & other non-depreciable assets	0	0	0
Depreciable capital assets, net	5,643	3,627	(2,016)
Total capital assets	5,643	3,627	(2,016)
TOTAL ASSETS	306,705	392,332	85,627
<u>Deferred outflow of resources</u>			
Pension related	41,226	56,796	15,570
Total Assets and Deferred Outflow of Resources	\$ 347,931	\$ 449,128	\$ 101,197
LIABILITIES & NET POSITION			
<u>Current Liabilities</u>			
Accounts payable	\$ 1,980	\$ 942	\$ 1,038
Accrued liabilities	10,367	8,907	1,460
Unearned revenue	0	8,411	(8,411)
Total current liabilities	12,347	18,260	(5,913)
<u>Noncurrent Liabilities</u>			
Net Pension Liability	153,477	161,569	(8,092)
Accrued compensated absences	0	1,993	(1,993)
Total noncurrent liabilities	153,477	163,562	(10,085)
Total liabilities	\$ 165,824	\$ 181,822	\$ (15,998)
<u>Deferred inflow of resources</u>			
Pension related	14,983	107,124	(92,141)

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

(Continued)

<u>Net Position</u>			
Investment in Capital Asset	\$ 5,643	\$ 3,627	\$ 2,016
Restricted	137,139	147,922	(10,783)
Unrestricted	<u>24,342</u>	<u>8,633</u>	<u>15,709</u>
TOTAL NET POSITION	<u>\$ 167,124</u>	<u>\$ 160,182</u>	<u>\$ (6,942)</u>

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

Discussion of change in Net Position:

* Cash decrease mainly due to a decrease in accounts receivable due from the CDBG program..

* Accounts Receivable represents the amount due from the CDBG program which is reimbursed monthly to the Authority.

* Noncurrent Liabilities decreased due to a change in accounting principal to include pension liability.

Statement of Revenues, Expenses and
Changes in Fund Net Position for the Year ending 12/31/2017:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>NET CHANGE</u>
<u>OPERATING REVENUES</u>			
Other Income	\$ <u>611,821</u>	\$ <u>427,553</u>	\$ <u>(184,268)</u>
TOTAL OPERATING REVENUE	<u>611,821</u>	<u>427,553</u>	<u>(184,268)</u>
<u>OPERATING EXPENSES</u>			
Administrative	113,429	118,838	5,409
General Expenses	1,658	4,713	3,055
Housing Assistance Payments	1,653,060	1,405,278	(247,782)
Depreciation Expense	<u>1,184</u>	<u>852</u>	<u>(332)</u>
TOTAL OPERATING EXPENSES	<u>1,769,331</u>	<u>1,529,681</u>	<u>(239,650)</u>
Operating Income (Loss)	<u>(1,157,510)</u>	<u>(1,102,128)</u>	<u>55,382</u>
<u>NONOPERATING REVENUES</u>			
Federal operating grants	1,163,619	1,129,500	(34,119)
Interest income	<u>833</u>	<u>547</u>	<u>(286)</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

TOTAL NON OPERATING REVENUES	<u>1,164,452</u>	<u>1,130,047</u>	<u>(34,405)</u>
CHANGE IN NET ASSETS	<u>6,942</u>	<u>27,919</u>	<u>20,977</u>
NET POSITION – BEGINNING OF YEAR	<u>160,182</u>	<u>132,263</u>	<u>(27,919)</u>
NET POSITION – END OF YEAR	<u>\$ 167,124</u>	<u>\$ 160,182</u>	<u>\$ (6,942)</u>

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

Discussion of Changes in Revenues & Expenses:

* Housing Assistance Payments increased approximately 3% from the previous year.

Capital Assets

There were no significant changes in the Authorities capital assets.

Debt Administration

The Authority has no debt.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Noblesville Housing Authority
Attn: Aimee Jacobsen, Executive Director
320 Kings Lane
Noblesville, IN 46060-2423

FINANCIAL STATEMENTS

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 79,150
Restricted cash and cash equivalents	137,139
Accounts receivable, net	83,516
Prepaid insurance	318
Inventory	939
Total Current Assets	301,062

Capital Assets:

Land and other non-depreciable assets	0
Depreciable capital assets, net	5,643
Total Capital Assets	5,643

Total Assets	306,705
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Deferred outflow of resources

Pension related	41,226
	41,226

Total Assets and Deferred Outflow of Resources	347,931
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LIABILITIES

Current liabilities

Accounts payable	1,980
Accrued liabilities	10,367
Unearned revenue	0
Total Current Liabilities	12,347

Noncurrent Liabilities

Net Pension Liability	153,477
Accrued compensated absences	0
Total Noncurrent Liabilities	153,477

Total Liabilities	165,824
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Deferred inflow of resources

Pension related	14,983
	14,983

NET POSITION

Investment in capital assets	5,643
Restricted	137,139
Unrestricted	24,342
Total Net Position	\$ 167,124

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES

Other income \$ 611,821

TOTAL OPERATING REVENUE 611,821

OPERATING EXPENSES

Administrative 113,429

General expense 1,658

Housing assistance payments 1,653,060

Depreciation expense 1,184

TOTAL OPERATING EXPENSES 1,769,331

OPERATING INCOME (LOSS) (1,157,510)

NONOPERATING REVENUES

Federal operating grants 1,163,619

Interest income 833

TOTAL NONOPERATING REVENUES 1,164,452

CHANGE IN NET ASSETS 6,942

NET POSITION - BEGINNING OF YEAR 160,182

NET POSITION - END OF YEAR \$ 167,124

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 611,821
Payments to vendors	(10,488)
Payments to landlords	(1,653,060)
Payments to employees	(80,357)
Net Cash Used by Operating Activities	<u>(1,132,084)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>1,163,619</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>1,163,619</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	<u>(3,200)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(3,200)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>833</u>
Net Cash Provided (Used) from Investing Activities	<u>833</u>

Net Increase (Decrease) in Cash and Cash Equivalents	29,168
Cash - Beginning of year	<u>187,121</u>
Cash - End of year	<u>\$ 216,289</u>

Reconciliation of Cash	
Unrestricted	\$ 79,150
Restricted	<u>137,139</u>
Total Cash and Cash Equivalents	<u>\$ 216,289</u>

Continued

NOBLESVILLE HOUSING AUTHORITY
NOBLESVILLE, INDIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

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

Operating income (loss)	\$ (1,157,510)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:	
Depreciation	1,184
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	117,430
Prepaid expenses	(619)
Increase (Decrease) in:	
Accounts payable	(955)
Accrued liabilities	(6,951)
Pension related	(84,663)
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,132,084)</u>

The accompanying notes are an integral part of these financial statements

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - Summary of Significant Accounting Policies:

The financial statements of the NOBLESVILLE HOUSING AUTHORITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The NOBLESVILLE HOUSING AUTHORITY is a public corporation 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 (ACC) with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of the Housing Choice Voucher program formally referred to as the Section 8 program (Contract No. C-2056) and the Community Development Block Grant Entitlement to Hamilton County, Indiana (Contract No. C-2066).

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 Noblesville Housing Authority, a primary government.

The financial statements of the Noblesville Housing Authority include the following:

The Authority had 170 Housing Choice Voucher units under ACC with 2 port-outs and 66 port-ins for a total of 238 in management at December 31, 2017.

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

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

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

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

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.

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 - Deposits consist of Checking and Savings accounts and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and nonnegotiable Certificates of Deposits to be cash equivalents. There were no noncash investing, non capital, capital and financing activities during the year.

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

Interprogram Due From and Due To - During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between funds for which the applicable cash transfer had not been made as of the balance sheet date.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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

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

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. The Authority's policy is to capitalize assets costing \$250 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:

<u>Class</u>	<u>Life</u>
Office equipment	5-10 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that 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.

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

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 nonoperating revenues and expenses.

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources as they are allowed.

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

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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.

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2017 the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

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

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

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

At December 31, 2017, the carrying amount of the Authority's deposits was \$216,289. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement.

Deposits consist of the following:

Checking and Savings accounts \$ 79,150

Restricted cash consists of the following:

McKinney Act Refunding Agreement \$ 137,139

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2017, consist of the following:

Accounts receivable - PHA projects	\$ 16,670
Accounts receivable - HUD other projects	7,082
Accounts receivable - fraud recovery	4,008
Accounts receivable - Hamilton County	54,696
Accounts receivable miscellaneous	<u>1,060</u>
 Total	 <u>\$ 83,516</u>

NOTE D - Prepaid expenses:

Prepaid expenses at December 31, 2017, consist of the following:

Prepaid insurance and expenses	<u>\$ 318</u>
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NOTE E - Inventory:

Inventory at December 31, 2017, consist of the following:

Office supplies	<u>\$ 939</u>
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NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 12/31/16	Increases	Decreases	Transfers	Ending Balance 12/31/17
Capital assets, not being depreciated:					
Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, Not being depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets, being depreciated:					
Buildings & Improvements	0	0	0	0	0
Furniture, Equipment & Machinery	<u>23,101</u>	<u>0</u>	<u>(630)</u>	<u>0</u>	<u>22,471</u>
Total Capital Assets, being depreciated	<u>23,101</u>	<u>0</u>	<u>(630)</u>	<u>0</u>	<u>22,471</u>
Less Accumulated Depreciation:	<u>(18,622)</u>	<u>(0)</u>	<u>2,646</u>	<u>0</u>	<u>(16,828)</u>
Total Capital Assets, being depreciated, net	<u>4,479</u>	<u>0</u>	<u>2,016</u>	<u>0</u>	<u>5,643</u>
Capital Assets, Net	<u>\$ 4,479</u>	<u>\$ 0</u>	<u>\$ 2,016</u>	<u>\$ 0</u>	<u>\$ 5,643</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE F - Capital Assets: (Continued)

For the year ended December 31, 2017, depreciation expense in the amount of \$1,148 was recorded.

NOTE G - Pension Plan:

Plan Description

The Housing Authority contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. This PERF ASA Only Plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

Retirement Benefits - Defined Benefit Pension

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G - Pension Plan: (Continued)

eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least ten years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups.

For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2018; however, eligible members received a one-time check (a.k.a. 13th check) by September 2015.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children

NOBLESVILLE HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G - Pension Plan: (Continued)

under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2017
Liability valuation date and method:	June 30, 2016 - Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2016 to June 30, 2017.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Period of four years ended June 30, 2014
Investment rate of return:	6.75%
Cost of living adjustment:	1.00%
Projected salary increases:	2.50% - 4.25%
Inflation:	2.25%

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G - Pension Plan: (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	22.0%	4.9%
Private equity	14.0%	5.7%
Fixed income - ex inflation linked	20.0%	2.3%
Fixed income - inflation linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real estate	7.0%	3.7%
Absolute return	10.0%	3.9%
Risk parity	12.0%	5.1%
	<u>100%</u>	

Total pension liability for the Plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Pension Expense

For the year ended June 30, 2017, the Housing Authority recognized pension expense of \$19,107, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G - Pension Plan: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$2,915	\$119
Net differences between projected and actual investment earnings on pension plan investments	\$24,277	\$7,695
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$369	\$7,169
Changes of assumption	\$2,464	\$0
Contributions made after plan year end	\$11,201	\$0
Total	\$41,226	\$14,983

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in 2017:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2018	\$3,696
2019	\$8,862
2020	\$3,310
2021	\$(826)
Total	\$15,042

The information presented above has not been audited.

NOTE H - Accounts payable:

Accounts payable at December 31, 2017, consist of the following:

Accounts payable - Vendors \$1,980

NOTE I - Accrued Liabilities:

Accrued Liabilities at December 31, 2017, consist of the following:

Accrued Wage/Payroll Taxes Payable	\$ 2,824
Accrued Compensated absences	<u>7,543</u>
Total	<u>\$10,367</u>

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE J - Noncurrent Liabilities:

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

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>	<u>Due within one year</u>	<u>Total due</u>
Accrued compensated absences	\$ 954	\$ 0	\$ (954)	\$ 0	\$ 7,543	\$ 7,543
Net pension liability	<u>145,810</u>	<u>7,667</u>	<u>0</u>	<u>153,477</u>	<u>0</u>	<u>153,477</u>
Total	<u>\$ 146,764</u>	<u>\$ 7,667</u>	<u>\$ (954)</u>	<u>\$ 153,477</u>	<u>\$ 0</u>	<u>\$ 153,477</u>

NOTE K - Federal Operating Grants:

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

Housing Choice Voucher	<u>\$ 1,163.619</u>
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NOTE L - Commitments and Contingencies:

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2017.

Grant Disallowances: 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. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

NOTE M - Risk Management:

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

NOTE N - Economic Dependency:

The Authority receives approximately 66% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 0 - Subsequent Events: (Continued)

through September 5, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

Schedule of the Authority's Proportionate Share of the Net Pension Liability

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Noblesville Housing Authority proportion of the net pension liability	.0000358	.0000356	.0000344
Noblesville Housing Authority proportionate share of the net pension liability	\$145,810	\$161,569	\$153,477
Noblesville Housing Authority covered employee payroll	\$171,520	\$170,632	\$170,604
Noblesville Housing Authority proportionate share of the net pension liability as a percentage of its covered employee payroll	.85	.95	.90

Note: Additional year's information will be presented when available.

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

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

SCHEDULE OF THE NOBLESVILLE HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 19,210	\$ 19,210	\$ 19,107
Contributions in relation to the contractually required contribution	<u>\$ 19,210</u>	<u>\$ 19,210</u>	<u>\$ 19,107</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Noblesville Housing Authority covered employee payroll	\$171,520	\$171,520	\$170,604
Contributions as a percentage of covered employee payroll	11.0%	11.0%	11.2%

Note: Additional year's information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2017

	<u>ACC</u>		
	<u>C - 2056</u>		
	<u>Section 8</u>		
	<u>Housing</u>		
	<u>Choice</u>		
	<u>Vouchers</u>	<u>State /</u>	
		<u>Local</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 66,320	\$ 12,830	\$ 79,150
Restricted cash and cash equivalents	0	137,139	137,139
Accounts receivable, net	28,820	54,696	83,516
Prepaid insurance	318	0	318
Prepaid insurance	939	0	939
Total Current Assets	96,397	204,665	301,062
<u>Capital Assets:</u>			
Land and other non-depreciable assets	0	0	0
Depreciable capital assets, net	5,643	0	5,643
Total Capital Assets	5,643	0	5,643
Total Assets	102,040	204,665	306,705
<u>Deferred outflow of resources</u>			
Pension related	41,226	0	41,226
Total Assets and Deferred Outflow of Resources	143,266	204,665	347,931
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	1,858	122	1,980
Accrued liabilities	10,367	0	10,367
Unearned revenue	0	0	0
Total Current Liabilities	12,225	122	12,347
<u>Noncurrent Liabilities</u>			
Net Pension Liability	153,477	0	153,477
Accrued compensated absences	0	0	0
Total Noncurrent Liabilities	153,477	0	153,477
Total Liabilities	165,702	122	165,824
<u>Deferred inflow of resources</u>			
Pension related	14,983	0	14,983
<u>NET POSITION</u>			
Investment in capital assets	5,643	0	5,643
Restricted	0	137,139	137,139
Unrestricted	(43,062)	67,404	24,342
Total Net Position	\$ (37,419)	\$ 204,543	\$ 167,124

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>ACC</u>		
	<u>C - 2056</u>		
	Section 8		
	Housing		
	Choice	State /	
	<u>Vouchers</u>	<u>Local</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Other income	\$ 611,821	\$ 0	\$ 611,821
TOTAL OPERATING REVENUE	<u>611,821</u>	<u>0</u>	<u>611,821</u>
<u>OPERATING EXPENSES</u>			
Administrative	112,773	656	113,429
General expense	1,658	0	1,658
Housing assistance payments	1,653,060	0	1,653,060
Depreciation expense	1,184	0	1,184
TOTAL OPERATING EXPENSES	<u>1,768,675</u>	<u>656</u>	<u>1,769,331</u>
OPERATING INCOME (LOSS)	<u>(1,156,854)</u>	<u>(656)</u>	<u>(1,157,510)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	1,163,619	0	1,163,619
Interest income	213	620	833
TOTAL NONOPERATING REVENUES	<u>1,163,832</u>	<u>620</u>	<u>1,164,452</u>
CHANGE IN NET POSITION	<u>6,978</u>	<u>(36)</u>	<u>6,942</u>
TOTAL NET POSITION - BEGINNING OF YEAR	<u>(44,397)</u>	<u>204,579</u>	<u>160,182</u>
NET POSITION, END OF YEAR	<u>\$ (37,419)</u>	<u>\$ 204,543</u>	<u>\$ 167,124</u>

Noblesville Housing Authority (IN080)
Noblesville, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	\$66,320	\$12,830	\$79,150	\$79,150
112 Cash - Restricted - Modernization and Development		\$137,139	\$137,139	\$137,139
113 Cash - Other Restricted	\$0		\$0	\$0
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$66,320	\$149,969	\$216,289	\$216,289
121 Accounts Receivable - PHA Projects	\$16,670		\$16,670	\$16,670
122 Accounts Receivable - HUD Other Projects	\$7,082		\$7,082	\$7,082
124 Accounts Receivable - Other Government		\$54,696	\$54,696	\$54,696
125 Accounts Receivable - Miscellaneous	\$1,060		\$1,060	\$1,060
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts -Tenants				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$4,008		\$4,008	\$4,008
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0	\$0
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,820	\$54,696	\$83,516	\$83,516
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$318		\$318	\$318
143 Inventories	\$939		\$939	\$939
143.1 Allowance for Obsolete Inventories	\$0		\$0	\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$96,397	\$204,665	\$301,062	\$301,062
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$22,471		\$22,471	\$22,471
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$16,828		-\$16,828	-\$16,828
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,643	\$0	\$5,643	\$5,643
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$5,643	\$0	\$5,643	\$5,643
200 Deferred Outflow of Resources	\$41,226		\$41,226	\$41,226

290 Total Assets and Deferred Outflow of Resources	\$143,266	\$204,665	\$347,931	\$347,931
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,858	\$122	\$1,980	\$1,980
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,824		\$2,824	\$2,824
322 Accrued Compensated Absences - Current Portion	\$7,543		\$7,543	\$7,543
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$12,225	\$122	\$12,347	\$12,347
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$153,477		\$153,477	\$153,477
350 Total Non-Current Liabilities	\$153,477	\$0	\$153,477	\$153,477
300 Total Liabilities	\$165,702	\$122	\$165,824	\$165,824
400 Deferred Inflow of Resources	\$14,983		\$14,983	\$14,983
508.4 Net Investment in Capital Assets	\$5,643	\$0	\$5,643	\$5,643
511.4 Restricted Net Position		\$137,139	\$137,139	\$137,139
512.4 Unrestricted Net Position	-\$43,062	\$67,404	\$24,342	\$24,342
513 Total Equity - Net Assets / Position	-\$37,419	\$204,543	\$167,124	\$167,124
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$143,266	\$204,665	\$347,931	\$347,931

Noblesville Housing Authority (IN080)
Noblesville, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,163,619		\$1,163,619	\$1,163,619
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$213	\$101	\$314	\$314
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$1,977		\$1,977	\$1,977
71500 Other Revenue	\$609,844		\$609,844	\$609,844
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$519	\$519	\$519
70000 Total Revenue	\$1,775,653	\$620	\$1,776,273	\$1,776,273
91100 Administrative Salaries	\$58,667		\$58,667	\$58,667
91200 Auditing Fees	\$6,124		\$6,124	\$6,124
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$21,690		\$21,690	\$21,690
91600 Office Expenses	\$21,093		\$21,093	\$21,093
91700 Legal Expense				
91800 Travel	\$655		\$655	\$655
91810 Allocated Overhead				
91900 Other	\$4,853	\$656	\$5,509	\$5,509
91000 Total Operating - Administrative	\$113,082	\$656	\$113,738	\$113,738
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				

93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance	\$500		\$500	\$500
96130 Workmen's Compensation				
96140 All Other Insurance	\$264		\$264	\$264
96100 Total insurance Premiums	\$764	\$0	\$764	\$764
96200 Other General Expenses	\$894		\$894	\$894
96210 Compensated Absences	-\$309		-\$309	-\$309
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$585	\$0	\$585	\$585
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$114,431	\$656	\$115,087	\$115,087
97000 Excess of Operating Revenue over Operating Expenses	\$1,661,222	-\$36	\$1,661,186	\$1,661,186
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,070,288		\$1,070,288	\$1,070,288
97350 HAP Portability-In	\$582,772		\$582,772	\$582,772
97400 Depreciation Expense	\$1,184		\$1,184	\$1,184
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,768,675	\$656	\$1,769,331	\$1,769,331
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				

10070	Extraordinary Items, Net Gain/Loss				
10080	Special Items (Net Gain/Loss)				
10091	Inter Project Excess Cash Transfer In				
10092	Inter Project Excess Cash Transfer Out				
10093	Transfers between Program and Project - In				
10094	Transfers between Project and Program - Out				
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$6,978	-\$36	\$6,942	\$6,942
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030	Beginning Equity	-\$44,397	\$204,579	\$160,182	\$160,182
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	-\$37,419		-\$37,419	-\$37,419
11180	Housing Assistance Payments Equity	\$0		\$0	\$0
11190	Unit Months Available	2101		2101	2101
11210	Number of Unit Months Leased	2101		2101	2101
11270	Excess Cash				
11610	Land Purchases				
11620	Building Purchases				
11630	Furniture & Equipment - Dwelling Purchases				
11640	Furniture & Equipment - Administrative Purchases				
11650	Leasehold Improvements Purchases				
11660	Infrastructure Purchases				
13510	CFFP Debt Service Payments				
13901	Replacement Housing Factor Funds				

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<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-2056	Section 8 Cluster Section 8 Housing Choice Voucher Program	14.871	\$ 1,163,619	\$ 1,163,619
TOTAL HUD FUNDING			<u>1,163,619</u>	<u>1,163,619</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,163,619</u>	<u>\$ 1,163,619</u>

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Noblesville Housing Authority under programs of the federal government for the year ended December 31, 2017. 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 Noblesville Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flow of Noblesville Housing Authority.

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 Noblesville Housing Authority has not 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
Noblesville Housing Authority
320 Kings Lane
Noblesville, Indiana 46060-2423

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 Noblesville Housing Authority, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Noblesville Housing Authority's basic financial statements and have issued my report thereon dated September 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Noblesville Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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
September 5, 2018

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
Noblesville Housing Authority
320 Kings Lane
Noblesville, Indiana 46060-2423

Report on Compliance for Each Major Federal Program

I have audited the Noblesville Housing Authority'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 Noblesville Housing Authority's major federal programs for the year ended December 31, 2017. The Noblesville Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms 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 Noblesville Housing Authority'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 the audit requirements of 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 Noblesville Housing Authority'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 Noblesville Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the Noblesville Housing Authority, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Noblesville Housing Authority 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 Noblesville Housing Authority's internal control over compliance with the types of requirements that

could have a direct and material effect on each major federal program to determine the 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 Noblesville Housing Authority's internal control over compliance.

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
September 5, 2018

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

DECEMBER 31, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS 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

14.871

Name of Federal Program

Housing Choice Voucher

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

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____no

NOBLESVILLE HOUSING AUTHORITY
Noblesville, Indiana

DECEMBER 31, 2017

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.