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November 14, 2018

Board of Commissioners
Charlestown Housing Authority
200 Jennings Street
Charlestown, IN 47111

We have reviewed the audit report opined on by MCM CPAs & Advisors LLP, Independent Public Accountants, for the period October 1, 2016 to September 30, 2017. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Charlestown Housing Authority as of September 30, 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

Housing Authority of the City of Charlestown

**Report on Audit of Financial Statements
and Supplementary Information**

Year Ended September 30, 2017

Housing Authority of the City of Charlestown

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September 30, 2017

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Charlestown

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Charlestown (the "Authority") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2017, and its respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kentucky

Indiana

Ohio

MCM CPAs & Advisors LLP

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Independent Auditor's Report (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying statement and certification of actual capital fund grant costs is also presented for purposes of additional analysis, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018, on our consideration of the Authority's internal control over financial reporting and on our 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 our 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 the Authority's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
May 30, 2018

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis
Year Ended September 30, 2017**

As management of the Housing Authority of the City of Charlestown (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2017.

The MD&A is specifically designed to: 1) assist the reader in focusing on significant financial issues; 2) provide a broad scope overview of the Authority's financial activities; 3) identify and explain changes in the Authority's financial position and 4) highlight any individual funding source issues or concerns.

Since the MD&A is designed to present basic financial statements in a narrative, executive summary format, the reader is encouraged to consider the information presented here in conjunction with the Authority's audited financial statements.

Overview of the Authority

The Authority is organized under the laws of the state of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 250 public housing units and administers 70 Section 8 Housing Choice Vouchers under Annual Contributions Contract 2050-V with the Department of Housing and Urban Development ("HUD"). The Authority is located in Charlestown, Indiana.

The Authority is governed by a seven member Board of Commissioners who are appointed by the mayor of the City of Charlestown. Under the oversight of that Board, the Authority functions independently from the City of Charlestown government. All revenues, expenses, assets, and obligations of the Authority belong solely to the Authority, not the City of Charlestown or any other entity.

Reporting on the Authority as a Whole

The Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority as a whole and about its activities in a format that helps the reader assess the results of operations for fiscal year 2017. Each statement is a condensed presentation of sources of funding and major activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

- Net position of the Authority decreased \$30,487 as of September 30, 2017 from the prior year. That decrease was a direct result of expenses exceeding revenues by \$30,487 during the fiscal year ended September 30, 2017.
- Operating revenue of the Authority decreased by \$38,425 compared to the prior fiscal year.
- Operating expenses increased by \$62,396 compared to the prior fiscal year.
- The Authority had unrestricted net position (unrestricted reserves) of \$2,930,609 at September 30, 2017, which is a decrease of \$574 from September 30, 2016.

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Reporting on the Authority as a Whole (Continued)

- Each year the Authority receives a Public Housing Assessment System (PHAS) score from HUD. The score is based upon a 100 point scale, with a maximum of 25 points for indicators of financial performance, 25 points for indicators of management performance, 40 points for indicators of physical conditions, and 10 points for indicators of capital fund performance. For fiscal years 2016 and 2015 the Authority received an overall score of 94 and 98, respectively. Both those scores ranked the Authority as a HUD "High Performer". Also, both of those scores included a financial score of 25 out of 25. This is one indication of the financial strength of the Authority and the ability to meet future financial obligations. It is currently expected that the PHAS score for fiscal year 2017 will be issued by HUD in June or July 2018.

Fund Financial Statements

All of the funds of the Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Enterprises operated by state and local governments, such as the Authority, use fund accounting to ensure compliance with finance-related legal requirements.

The Authority's financial statements report its net position and changes in net position. One can think of the Authority's net position - the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources - as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Authority. Management of the Authority makes a concerted effort to be fiscally responsible and maintain an operating reserve balance (net position) that is equal to or greater than HUD-recommended operating reserve levels at all times.

Using This Annual Report

The Authority's annual report consists of financial statements that show combined information about the Authority's most significant programs, the Public and Indian Housing Program, the Section 8 Housing Choice Vouchers Program, and the Public Housing Capital Fund Program.

The Authority's auditors provided assurance in their independent auditor's report, located immediately preceding the MD&A, that the financial statements are presented fairly in all material respects in accordance with accounting principles generally accepted in the United States of America. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Authority's Most Significant Programs

The Authority's financial statements provide detailed information about the most significant programs. Some funds are required to be established by HUD. However, the Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other funds.

The Authority uses the following accounting approach for Proprietary funds. The focus of proprietary funds is on income measurement, which together with the maintenance of net position, is an important financial indicator. The statements evaluated include:

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Reporting the Authority's Most Significant Programs (Continued)

Statement of Net Position - reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations, if any.

Statement of Revenues, Expenses and Changes in Net Position - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses.

The Authority maintains its books and records utilizing the accrual basis of accounting. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

The following is a description of the programs and services that the Authority provides for its residents:

Public and Indian Housing Program

The Authority owns 250 units in developments within the City of Charlestown, Indiana. The 250 units owned by the Authority consist of elderly/disabled and family units. The Authority rents those units to individuals and families who meet HUD eligibility guidelines in order to provide them with decent, safe, and sanitary rental housing. The Authority is responsible for the management and maintenance of all units, sites and certain utilities. On an annual basis, the Authority submits a request for funding to HUD, known as the Calculation of Operating Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Operating Expense Level, Allowable Utilities Expenses Level, Allowable Add-ons and Audit Cost that becomes the Authority's Total Allowable Expenses. HUD will fund a portion of the difference between the Total Allowable Expenses and the amount of rents that the Authority can charge their tenants based upon HUD eligibility calculations. Funding is subject to proration due to congressional appropriation and may not be sufficient to fund 100% of the requested amount. Operating subsidy was prorated to approximately 93% of the requested amount for calendar year 2017 and approximately 90% of the requested amount for calendar year 2016.

Section 8 Housing Choice Vouchers Program

This grant program provides rental assistance to help extremely low and low-income families afford decent, safe, and sanitary rental housing. Qualifying participants have their income analyzed utilizing HUD's guidelines and their rental assistance is calculated accordingly. The Authority is awarded a fixed amount of Budget Authority from HUD on an annual basis to assist participants. The Authority had approval and funding for 70 vouchers during the year ended September 30, 2017. Similar to Public Housing operating funding, Section 8 Housing Choice Vouchers administrative funding from HUD is subject to proration due to Congressional appropriation. Section 8 Housing Choice Vouchers administrative funding was prorated to approximately 77% of the full eligibility amount for calendar year 2017 and approximately 84% of the full eligibility amount for calendar year 2016.

Capital Fund Program

HUD awards this grant program on an annual basis. The purposes of these grants are to maintain the physical structures within the Authority's sites and the administrative management to ensure completion of site improvements in the most effective and efficient manner. The Authority requisitions funds from HUD as the Authority expends funds.

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Reporting the Authority's Most Significant Programs (Continued)

Central Office Cost Center

In addition to the programs noted above, the Authority maintains a Central Office Cost Center ("COCC") as mandated by HUD. All salaries and costs related to administrative functions of the Authority and other costs which do not directly support the specific programs noted above, are charged to the COCC. Funding flows into the COCC from fees which are allowed to be charged to the Public and Indian Housing program and the Section 8 Housing Choice Voucher program, as well as administrative funding provided through the Capital Fund program. Once funds flow through to the COCC they are deemed to be "defederalized" and can then be used by the Authority in any way needed in order to support the Authority's mission.

Authority-Wide Condensed Financial Statements

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

***The Housing Authority of the City of Charlestown
Statement of Net Position***

| | 2017 | 2016 | Increase/Decrease | |
|----------------------------------|---------------------|---------------------|--------------------|--------------|
| | | | Amount | Percentage |
| Current assets | \$ 3,214,953 | \$ 3,258,984 | \$ (44,031) | -1.4% |
| Capital assets, net | 5,043,925 | 5,049,414 | (5,489) | -0.1% |
| Total Assets | 8,258,878 | 8,308,398 | (49,520) | -0.6% |
| Deferred Outflows of Resources | - | - | - | |
| Current liabilities | 169,507 | 191,978 | (22,471) | -11.7% |
| Noncurrent liabilities | 114,597 | 111,159 | 3,438 | 3.1% |
| Total Liabilities | 284,104 | 303,137 | (19,033) | -6.3% |
| Deferred Inflow of Resources | - | - | - | |
| Net investment in capital assets | 5,043,925 | 5,049,414 | (5,489) | -0.1% |
| Restricted net position | 240 | 24,664 | (24,424) | -99.0% |
| Unrestricted net position | 2,930,609 | 2,931,183 | (574) | 0.0% |
| Total Net Position | \$ 7,974,774 | \$ 8,005,261 | \$ (30,487) | -0.4% |

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Authority-Wide Condensed Financial Statements (Continued)

Total Assets

The Authority's total assets at September 30, 2017 were \$8,258,878, a decrease of approximately \$49,500, or 0.6%, from September 30, 2016. The change in total assets was primarily due to a slight reduction in cash due to management's efforts to spend down excess operating reserves during fiscal year 2017.

Capital Assets

Overall, net capital assets remained similar to the September 30, 2016 level. That was a result of capital asset purchases totaling \$316,082 during the year ended September 30, 2017 being very close to the depreciation expense recognized during the year ended September 30, 2017 of \$321,571. The fixed asset purchases consisted primarily of new air conditioning and HVAC systems installed at AMP 2 (Project IN025000002).

Total Liabilities

The Authority's total liabilities at September 30, 2017 were \$284,104, a decrease of approximately \$19,000, or 6.3%, from September 30, 2016. The change in total liabilities was primarily due to a reduction in accounts payable at September 30, 2017 as compared to September 30, 2016. The reduction in accounts payable was due to normal fluctuations in the timing of expenses incurred and paid near fiscal year end.

Net Position

The Authority's total net position at September 30, 2017 was \$7,974,774, a decrease of approximately \$30,500, or 0.4%, from September 30, 2016. The slight decrease in net position was due to management's effort to spend down excess operating reserves during fiscal year 2017.

The results of operations for the Authority are presented on the following page:

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

*The Housing Authority of the City of Charlestown
Statement of Revenues, Expenses and Changes in Net Position*

| | 2017 | 2016 | Increase/Decrease | |
|--|--------------------|---------------------|-------------------|------------|
| | | | Amount | Percentage |
| Operating Revenue | | | | |
| Tenant rental revenue | \$ 920,063 | \$ 958,290 | \$ (38,227) | -4.0% |
| HUD PHA operating grants | 664,628 | 671,145 | (6,517) | -1.0% |
| Fraud recovery | 2,726 | 828 | 1,898 | 229.2% |
| Other revenue | 16,796 | 12,375 | 4,421 | 35.7% |
| Total Operating Revenue | <u>1,604,213</u> | <u>1,642,638</u> | <u>(38,425)</u> | -2.3% |
| Operating Expenses | | | | |
| Administration | 417,505 | 378,041 | 39,464 | 10.4% |
| Tenant services | 3,491 | 3,387 | 104 | 3.1% |
| Utilities | 192,231 | 188,270 | 3,961 | 2.1% |
| Ordinary maintenance | 522,663 | 521,574 | 1,089 | 0.2% |
| Protective services | 26,000 | 28,100 | (2,100) | -7.5% |
| Insurance expense | 103,273 | 90,434 | 12,839 | 14.2% |
| Other general expenses | 93,011 | 85,684 | 7,327 | 8.6% |
| Housing assistance payments | 230,445 | 219,778 | 10,667 | 4.9% |
| Depreciation expense | 321,571 | 332,526 | (10,955) | -3.3% |
| Total Operating Expenses | <u>1,910,190</u> | <u>1,847,794</u> | <u>62,396</u> | 3.4% |
| Net Operating Loss | <u>(305,977)</u> | <u>(205,156)</u> | <u>(100,821)</u> | 49.1% |
| Nonoperating Revenue (Expense) | | | | |
| Interest and investment revenue | 4,826 | 6,098 | (1,272) | -20.9% |
| Extraordinary maintenance | (7,090) | (1,448) | (5,642) | 389.6% |
| Total Nonoperating Revenue (Expense), Net | <u>(2,264)</u> | <u>4,650</u> | <u>(6,914)</u> | -148.7% |
| Net Loss before Capital Fund Grant | (308,241) | (200,506) | (107,735) | 53.7% |
| Capital Fund Grant | <u>277,754</u> | <u>-</u> | <u>277,754</u> | 100.0% |
| Change in Net Position | <u>\$ (30,487)</u> | <u>\$ (200,506)</u> | <u>\$ 170,019</u> | -84.8% |

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Results of Operations

The change in net position for the year ended September 30, 2017 was \$(30,487) compared to \$(200,506) for the year ended September 30, 2016. Revenues of the Authority's activities are generated principally from HUD operating subsidies and tenant rental receipts. Operating expense of the Authority's activities consist primarily of maintenance, depreciation, administration, utilities and housing assistance payments.

Tenant rental revenue decreased by approximately \$38,200 from the fiscal year 2016 level due primarily to the fact that several of the highest paying tenants moved out during fiscal year 2017 as a result of HUD-mandated increases to the flat rent amounts which, over the past few years, significantly increased the amount of rent those highest paying tenants were required to pay. Administration expense increased by approximately \$39,500 from fiscal year 2016 due primarily to the cost of IT systems and hardware upgrades in fiscal year 2017.

However, the primary item causing the change in net position for the year ended September 30, 2017 to be approximately \$170,000 higher than the change in net position for the fiscal year ended September 30, 2016 was the fact that \$277,754 of capital fund revenue used to purchase capital assets was recognized during fiscal year 2017 while no capital fund revenue was recognized during fiscal year 2016.

Capital Assets

At September 30, 2017, the Authority has approximately \$5 million invested in net capital assets reflected in the following schedule, which represents a decrease of approximately \$5,500 (net of depreciation) from the preceding year.

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Land | \$ 1,296,639 | \$ 1,296,639 |
| Buildings | 11,688,603 | 11,400,120 |
| Furniture, equipment and machinery - dwellings | 297,801 | 361,895 |
| Furniture, equipment and machinery - administration | <u>169,558</u> | <u>158,982</u> |
| Total Capital Assets | 13,452,601 | 13,217,636 |
| Less: accumulated depreciation | <u>(8,408,676)</u> | <u>(8,168,222)</u> |
| Capital Assets, net | <u>\$ 5,043,925</u> | <u>\$ 5,049,414</u> |

For additional information, see Note D within the notes to the financial statements.

**Housing Authority of the City of Charlestown
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2017**

Currently Known Facts, Decisions, or Conditions Expected to Affect Future Financial Position or Results of Operations

The Authority is dependent upon HUD for funding (approximately 50% of fiscal year 2017 revenue came from HUD grants); therefore, the Authority is generally affected more by the federal budget than by local economic conditions.

The amount that the Authority is eligible to receive to cover the gap between public housing rent revenues and operating costs is set by a federal formula. If Congress has failed to provide sufficient funding to cover the full subsidies that the Authority is eligible to receive under the formula, the Authority must find a way to raise revenue, cut costs, or tap other resources to make up for the shortfall. As noted previously, Congress only funded the operating subsidy revenue at approximately 93% of the full eligibility amount for calendar year 2017.

Similar to Public Housing operating subsidy funding, HUD also utilizes a formula to determine the amount of Section 8 Administrative funding they provide to the Authority. In recent years cuts to that funding have been even more extreme than the prorations applied to Public Housing operating subsidy. As noted previously, congress funded Section 8 administrative awards at only approximately 77% of full eligibility for calendar year 2017.

As shown in these financials, Authority management will maintain a fiscally responsible approach regardless of the federal funding situation. This will be done to ensure the Authority is able to continue to serve low income families and individuals to the greatest extent possible for both the near-term and long-term future.

Request for Information

The financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report should be addressed to the following address:

Leigh Bowyer or Laura Dabney
Co-Executive Directors
The Housing Authority of the City of Charlestown
200 Jennings Street
Charlestown, IN 47111

Housing Authority of the City of Charlestown
Statement of Net Position
September 30, 2017

Assets

| | |
|---|--------------|
| Current Assets | |
| Cash and cash equivalents | \$ 1,609,595 |
| Cash - security deposits | 35,900 |
| Certificates of deposit | 1,406,118 |
| Accounts receivable - HUD | 52,196 |
| Accounts receivable - tenants, net | 8,491 |
| Inventory - materials and supplies | 32,738 |
| Prepaid expenses | 69,915 |
| | <hr/> |
| Total Current Assets | 3,214,953 |
| Capital Assets | |
| Land | 1,296,639 |
| Buildings | 11,688,603 |
| Furniture, equipment and machinery - dwellings | 297,801 |
| Furniture, equipment and machinery - administration | 169,558 |
| | <hr/> |
| Total Capital Assets | 13,452,601 |
| Less: accumulated depreciation | (8,408,676) |
| | <hr/> |
| Capital Assets, Net | 5,043,925 |
| | <hr/> |
| Total Assets | 8,258,878 |
| Deferred Outflows of Resources | |
| | <hr/> |
| | - |
| | <hr/> |
| Total Assets and Deferred Outflows of Resources | \$ 8,258,878 |
| | <hr/> <hr/> |

Liabilities

| | |
|---|-------------|
| Current Liabilities | |
| Accounts payable | \$ 20,528 |
| Accounts payable - HUD | 152 |
| Accounts payable - other government | 73,482 |
| Accrued compensated absences - current portion | 28,650 |
| Security deposits | 35,900 |
| Unearned revenue | 10,795 |
| | <hr/> |
| Total Current Liabilities | 169,507 |
| Noncurrent Liabilities | |
| Accrued compensated absences - noncurrent portion | 114,597 |
| | <hr/> |
| Total Liabilities | 284,104 |
| Deferred Inflows of Resources | |
| | <hr/> |
| | - |
| | <hr/> |
| Total Liabilities and Deferred Inflows of Resources | 284,104 |
| | <hr/> <hr/> |

Net Position

| | |
|----------------------------------|--------------|
| Net investment in capital assets | 5,043,925 |
| Restricted net position | 240 |
| Unrestricted net position | 2,930,609 |
| | <hr/> |
| Total Net Position | \$ 7,974,774 |
| | <hr/> <hr/> |

See accompanying notes.

Housing Authority of the City of Charlestown
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2017

| | |
|------------------------------------|--------------|
| Operating Revenues | |
| Tenant revenue | \$ 920,063 |
| HUD PHA operating grants | 664,628 |
| Fraud recovery | 2,726 |
| Other revenue | 16,796 |
| | <hr/> |
| Total Operating Revenues | 1,604,213 |
| | <hr/> |
| Operating Expenses | |
| Administration | 417,505 |
| Tenant services | 3,491 |
| Utilities | 192,231 |
| Ordinary maintenance | 522,663 |
| Protective services | 26,000 |
| Insurance expense | 103,273 |
| Other general expenses | 93,011 |
| Housing assistance payments | 230,445 |
| Depreciation expense | 321,571 |
| | <hr/> |
| Total Operating Expenses | 1,910,190 |
| | <hr/> |
| Net Operating Loss | (305,977) |
| | <hr/> |
| Nonoperating Revenue (Expense) | |
| Interest and investment revenue | 4,826 |
| Extraordinary maintenance | (7,090) |
| | <hr/> |
| Total Nonoperating Expense, Net | (2,264) |
| | <hr/> |
| Net Loss Before Capital Fund Grant | (308,241) |
| | <hr/> |
| Capital Fund Grant | 277,754 |
| | <hr/> |
| Change in Net Position | (30,487) |
| | <hr/> |
| Net Position, Beginning of Year | 8,005,261 |
| | <hr/> |
| Net Position, End of Year | \$ 7,974,774 |
| | <hr/> <hr/> |

See accompanying notes.

Housing Authority of the City of Charlestown
Statement of Cash Flows
For the Year Ended September 30, 2017

| | |
|--|------------------------------|
| Operating Activities | |
| Cash received from tenants | \$ 915,586 |
| Cash received from HUD PHA operating grants | 612,432 |
| Other cash received | 16,796 |
| Cash payments for operating expenses | <u>(1,626,114)</u> |
| Net Cash Used for Operating Activities | <u>(81,300)</u> |
| Investing Activities | |
| Interest earned | 4,826 |
| Reinvestment of interest earned | <u>(4,683)</u> |
| Net Cash Provided by Investing Activities | <u>143</u> |
| Capital and Related Financing Activities | |
| Capital grant receipts | 277,754 |
| Purchase of capital assets | <u>(316,082)</u> |
| Net Cash Used for Capital and Related Financing Activities | <u>(38,328)</u> |
| Non-Capital Financing Activities | |
| Extraordinary maintenance | <u>(7,090)</u> |
| Cash Used for Non-Capital Financing Activities | <u>(7,090)</u> |
| Net Decrease in Cash and Cash Equivalents | (126,575) |
| Cash and Cash Equivalents | |
| Beginning of Year | <u>1,772,070</u> |
| End of Year | <u><u>\$ 1,645,495</u></u> * |
| * Cash reconciliation as reported on the Statement of Net Position | |
| Cash and cash equivalents | \$ 1,609,595 |
| Cash - security deposits | <u>35,900</u> |
| | <u><u>\$ 1,645,495</u></u> |

See accompanying notes.

Housing Authority of the City of Charlestown
Statement of Cash Flows (Continued)
For the Year Ended September 30, 2017

| | |
|--|---------------------------|
| Operating Activities | |
| Net Operating Loss | \$ (305,977) |
| Adjustments to reconcile net operating loss to net cash provided by operating activities: | |
| Depreciation expense | 321,571 |
| Bad debt expense | 19,529 |
| (Increase) decrease in: | |
| Accounts receivable - HUD | (52,196) |
| Accounts receivable - tenants | (23,639) |
| Accounts receivable - fraud recovery | 1,243 |
| Inventory - materials and supplies | (7,256) |
| Prepaid expenses | (15,542) |
| Increase (decrease) in: | |
| Accounts payable | (14,906) |
| Accounts payable - other government | (4,089) |
| Accrued compensated absences | 4,298 |
| Security deposits | (150) |
| Unearned revenue | (4,186) |
| | <u>(4,186)</u> |
| Net Cash Used for Operating Activities | <u><u>\$ (81,300)</u></u> |

See accompanying notes.

Housing Authority of the City of Charlestown
Notes to Financial Statements
Year Ended September 30, 2017

Note A - Nature of Organization

The Housing Authority of the City of Charlestown (the "Authority"), a governmental organization, is organized under the laws of the State of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 250 public housing units and administers 70 Section 8 Housing Choice Vouchers under Annual Contributions Contract 2050-V in Charlestown, Indiana.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Charlestown (the "City") and concluded that the City does not bear responsibility for the Authority's operations. The Mayor of the City appoints an independent Board of Commissioners to oversee the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations; and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with the Governmental Accounting Standards Board, management has concluded that the Authority is a separate reporting entity.

Funding for the Authority is primarily from HUD and from payments received from tenants of the Authority-owned housing. Under the Public and Indian Housing Program, tenants pay a portion of the rental cost of public housing, based upon their household income. Through operating subsidies, HUD funds the difference between the actual costs to operate an efficiently operated Public and Indian Housing Program and the amounts paid by tenants. These subsidy payments are made to or on behalf of the Authority under the terms and conditions of the annual contributions contract with HUD.

The Section 8 Housing Choice Vouchers Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Section 8 Housing Choice Vouchers Program, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD provides Housing Assistance Payment revenue and Administrative revenue to the Authority for the rental supplements and the administrative cost of managing the Program.

Note B - Summary of Significant Accounting Policies

The accounting policies of the Authority conform to U.S. generally accepted accounting principles ("GAAP") as applicable to proprietary funds of governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Authority's accounting policies are described below:

1. **Basis of Accounting:** The financial statements of the Authority have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.
2. **Basis of Presentation:** All of the Authority's programs are accounted for as one business-type activity (enterprise) for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with GASB requirements, the Authority's proprietary funds follow all GASB pronouncements.

Housing Authority of the City of Charlestown
Notes to Financial Statements (Continued)
Year Ended September 30, 2017

Note B - Summary of Significant Accounting Policies (Continued)

3. 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 assets and liabilities, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Cash Equivalents: The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents.
5. Allowance for Doubtful Accounts: The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined the allowance for doubtful accounts to be \$2,123 for accounts receivable - tenants at September 30, 2017.
6. Inventories: Inventories, consisting of materials and supplies, are stated at the lower of cost or market, reported on a first-in, first-out basis.
7. Capital Assets: Capital Assets are recorded at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

The capitalization policy for the Authority is that items purchased or betterments, not repairs, in excess of \$3,000 and a useful life of more than one (1) year will be capitalized.

Depreciation is provided on the basis of the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 10 - 39 years for building and improvements and 5 - 7 years for building equipment, furniture, maintenance equipment and miscellaneous assets.

8. Revenues and Expenses: Revenue from rentals is recorded as earned over the life of the lease, and expenses are charged against such revenue as incurred without regard to the date of receipt or payment of cash. Rental agreements generally do not exceed one year, but are renewable.

The Authority has entered into annual contribution contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 programs whereby the Authority pays the owner a portion of the rent, a housing assistance payment ("HAP"), on behalf of the family. Such contributions are reflected as HUD grants in the accompanying financial statements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, tenant services, utilities, maintenance, protective services, insurance, depreciation, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. This includes capital subsidies for the Capital Fund Program.

9. Use of Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Housing Authority of the City of Charlestown
Notes to Financial Statements (Continued)
Year Ended September 30, 2017**

Note B - Summary of Significant Accounting Policies (Continued)

10. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available for issuance.

Note C - Cash Deposits

In accordance with Section 401-(E) of the HUD/PHA Annual Contributions Contract, it is the policy of the Authority to invest its funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow needs of the Authority, and comply with all federal, state and local statutes or ordinances governing the investment of public funds.

- A. Custodial Credit Risk: Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered in full by the State of Indiana Public Deposit Insurance Fund.
- B. Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Authority's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Authority.

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

- C. Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. The Authority's investment policy requires investment in instruments authorized by HUD Notice PIH 95-27. All investments at September 30, 2017 were held in certificates of deposit which carry no credit risk.
- D. Concentration of Credit Risk: The Authority's investment policy requires diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.
- E. Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or a deposit. All of the Authority's deposits and investments are denominated in United States currency.

At September 30, 2017, the carrying value of cash and certificates of deposit was \$1,645,495 and \$1,406,118, respectively. The bank balance of cash and certificates of deposit owned at September 30, 2017, was \$1,656,593 and \$1,406,118, respectively.

Housing Authority of the City of Charlestown
Notes to Financial Statements (Continued)
Year Ended September 30, 2017

Note D - Capital Assets

The following is the detailed transactions of capital assets during the year ended September 30, 2017:

| | Balance at 09/30/16 | Additions | Disposals | Transfers | Balance at 09/30/17 |
|--|------------------------|-------------------|-----------------|-------------|------------------------|
| Land | \$ 1,296,639 | \$ - | \$ - | \$ - | \$ 1,296,639 |
| Buildings | 11,400,120 | 288,483 | - | - | 11,688,603 |
| Furniture, equipment and machinery - dwellings | 361,895 | - | (64,094) | - | 297,801 |
| Furniture, equipment and machinery - administration | 158,982 | 27,599 | (17,023) | - | 169,558 |
| | <u>13,217,636</u> | <u>316,082</u> | <u>(81,117)</u> | <u>-</u> | <u>13,452,601</u> |
| Less: accumulated depreciation | <u>(8,168,222)</u> | <u>(321,571)</u> | <u>81,117</u> | <u>-</u> | <u>(8,408,676)</u> |
| Total | <u>\$ 5,049,414</u> | <u>\$ (5,489)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,043,925</u> |

Total depreciation expense for the year ended September 30, 2017 was \$321,571.

Note E - Restricted Net Position

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for future HAP payments incurred in the running of the Housing Choice Vouchers program. For the year ended September 30, 2017 the Authority's restricted net position was \$240. HUD-held HAP reserves as of September 30, 2017 totaled \$22,974, and is not reflected in these financial statements.

Note F - Noncurrent Liabilities

The activities of noncurrent liabilities are as follows:

| | Balance 09/30/16 | Additions | Adjustments/ Payments | Balance 09/30/17 | Current Portion |
|----------------------|---------------------|-----------------|--------------------------|---------------------|--------------------|
| Compensated absences | <u>\$ 138,949</u> | <u>\$ 4,298</u> | <u>\$ -</u> | <u>\$ 143,247</u> | <u>\$ 28,650</u> |

Note G - Compensated Absences

Regular full and part-time employees receive sick leave and vacation leave each year based upon length of employment. The vacation and sick leave benefits accumulated prior to December 2015, can be carried forward at capped amounts to successive years and will be paid to employees upon termination in good standing. For vacation and sick leave benefits earned after December 2015, no carry over is permitted. Accordingly, at September 30, 2017, a liability of \$143,247 has been recorded for accrued compensated absences.

**Housing Authority of the City of Charlestown
Notes to Financial Statements (Continued)
Year Ended September 30, 2017**

Note H - Retirement Plan

Prior to March 2017 the Authority contributed to a simplified employee pension plan for all of the eligible employees in the amount of 13% of wages. All employees were eligible who were at least 21 years of age and who had worked at least 3 of the preceding 5 years. Contributions to the SEPP IRA were fully vested with the employees when made. Pension expense for the year ended September 30, 2017, was \$25,623. Contributions to the plan were ceased in March 2017.

Note I - Income Taxes

The Authority is exempt from income taxes as it is a governmental entity and therefore is not subject to taxation.

Note J - Major Funding Source

The Authority is substantially funded by Federal awards. The funding is subject to Federal government appropriations and potential funding reductions. Management does not anticipate any material change in funding.

Note K - Risk Management and Contingencies

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims have not exceeded coverage levels for the past three years, and insurance coverage levels and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon experience, management believes such disallowances, if any, will be immaterial.

Supplementary Information

**Housing Authority of the City of Charlestown
Statement and Certification of Actual Capital Fund Grant Costs
Year Ended September 30, 2017**

Capital

| | | IN36P025501-13 |
|---|----|----------------|
| 1.) Funds Approved | \$ | 327,632 |
| Funds Expended | | 327,632 |
| Excess of Funds Approved | \$ | - |
| Funds Advanced | \$ | 327,632 |
| Funds Expended | | 327,632 |
| Excess of Funds Advanced | \$ | - |
| 2.) The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records. | | |
| 3.) All modernization costs have been paid and related liabilities have been discharged through payment. | | |

See independent auditor's report.

**Housing Authority of the City of Charlestown
Schedule of Expenditures of Federal Awards and Related Notes
Year Ended September 30, 2017**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Total Federal Expenditures</u> | <u>Passed- through to Sub- Recipients</u> |
|---|------------------------------------|---|---|
| U.S. Department of Housing and Urban Development: | | | |
| Public and Indian Housing Program | 14.850 | \$ 340,048 | \$ - |
| Public Housing Capital Fund Program | 14.872 | 370,051 | - |
| Housing Voucher Cluster: | | | |
| Section 8 Housing Choice Voucher Program | 14.871 | <u>232,283</u> | <u>-</u> |
| Total Expenditures of Federal Awards | | <u>\$ 942,382</u> | <u>\$ -</u> |

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - Procurement Policy

The Authority adopted the procurement requirements specified in the Uniform Guidance during the year ended September 30, 2017.

See independent auditor's report.

Other Reports



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

To the Board of Commissioners
Housing Authority of the City of Charlestown

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Charlestown (the "Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 30, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
May 30, 2018



**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

To the Board of Commissioners
Housing Authority of the City of Charlestown

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Charlestown's (the "Authority") compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2017. The Authority's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)**

Opinion on Each Major Federal Program

In our opinion, the 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 September 30, 2017.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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



Jeffersonville, Indiana
May 30, 2018

**Housing Authority of the City of Charlestown
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2017**

A. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:
 Material Weakness(es) Identified? yes x no
 Significant Deficiency(ies) identified not Considered to
 be Material Weaknesses? yes x none reported

Noncompliance Material to Financial Statements Noted? yes x no

Federal Awards

Internal Control over Major Programs:
 Material Weakness(es) Identified? yes x no
 Significant Deficiency(ies) Identified that are not
 Considered to be Material Weakness(es)? yes x no

Type of auditor's report issued on compliance for
 major programs: Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with the Uniform Guidance? yes x no

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> | |
|--------------------|---|------------|
| 14.850 | Public and Indian Housing Program | \$ 340,048 |
| 14.872 | Public Housing Capital Fund Program | \$ 370,051 |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**Housing Authority of the City of Charlestown
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017**

There were no prior year findings.



Independent Accountant's Report on Applying Agreed-Upon Procedure

To the Board of Commissioners
Housing Authority of the City of Charlestown

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Charlestown (the "Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center ("REAC"), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagement contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Document(s)" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with 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), for the Authority as of and for the year ended September 30, 2017, and have issued our reports thereon dated May 30, 2018. The information in the "Hard Copy Document(s)" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated May 30, 2018, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'MCM CPAs & Advisors LLP'.

Jeffersonville, Indiana
May 30, 2018

-28-

Kentucky
Indiana
Ohio

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Housing Authority of the City of Charlestown
Attachment to Independent Accountant's Report on Applying Agreed-Upon Procedure
Year Ended September 30, 2017

| | | | | DOES |
|------------------|--|---|---------------|--------------|
| | UFRS RULE | HARD COPY | | NOT |
| PROCEDURE | INFORMATION | DOCUMENT(S) | AGREES | AGREE |
| 1 | Balance Sheet and Revenue and Expense (data line items 111 to 13901) | Financial Data Schedule, all CFDA's | X | |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements | X | |
| 3 | Type of opinion on FDS (data element G3100-040) | Auditor's supplemental report on FDS | X | |
| 4 | Audit Findings Narrative (data element G5200-010) | Schedule of Findings and Questioned Costs | X | |
| 5 | General information (data element series G2000, G2100, G2200, G9000, G9100) | Uniform Guidance Data Collection Form | X | |
| 6 | Financial statement report information (data element G3000-010 to G3000-050) | Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form | X | |
| 7 | Federal program report information (data element G4000-020 to G4000-040) | Schedule of Findings and Questioned Costs, Part 1 and Uniform Guidance Data Collection Form | X | |
| 8 | Type of Compliance Requirement (G4200-020 & G4000-030) | Uniform Guidance Data Collection Form | X | |
| 9 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | X | |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre nsive Grant Program | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|---|---------|------------|----------|------------|
| 111 Cash - Unrestricted | 1,140,752 | 27,709 | | 441,134 | 1,609,595 | | 1,609,595 |
| 112 Cash - Restricted - Modernization and Development | | | | | | | |
| 113 Cash - Other Restricted | | | | | | | |
| 114 Cash - Tenant Security Deposits | 35,900 | | | | 35,900 | | 35,900 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | |
| 100 Total Cash | 1,176,652 | 27,709 | - | 441,134 | 1,645,495 | - | 1,645,495 |
| 121 Accounts Receivable - PHA Projects | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | 26,796 | 25,400 | | | 52,196 | | 52,196 |
| 124 Accounts Receivable - Other Government | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | | | |
| 126 Accounts Receivable - Tenants | 10,614 | | | | 10,614 | | 10,614 |
| 126.1 Allowance for Doubtful Accounts - Tenants | (2,123) | | | | (2,123) | | (2,123) |
| 126.2 Allowance for Doubtful Accounts - Other | - | - | | | - | | - |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | |
| 128 Fraud Recovery | | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | | |
| 129 Accrued Interest Receivable | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | 35,287 | 25,400 | - | - | 60,687 | - | 60,687 |
| 131 Investments - Unrestricted | 1,343,556 | 62,562 | | | 1,406,118 | | 1,406,118 |
| 132 Investments - Restricted | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | |
| 142 Prepaid Expenses and Other Assets | 66,498 | 267 | | 3,150 | 69,915 | | 69,915 |
| 143 Inventories | 32,738 | | | | 32,738 | | 32,738 |
| 143.1 Allowance for Obsolete Inventories | - | | | | - | | - |
| 144 Inter Program Due From | | | | 24,394 | 24,394 | (24,394) | - |
| 145 Assets Held for Sale | | | | | | | |
| 150 Total Current Assets | 2,654,731 | 115,938 | - | 468,678 | 3,239,347 | (24,394) | 3,214,953 |
| 161 Land | 1,278,856 | | 17,783 | | 1,296,639 | | 1,296,639 |
| 162 Buildings | 10,894,840 | | 793,763 | | 11,688,603 | | 11,688,603 |
| 163 Furniture, Equipment & Machinery - Dwellings | 297,801 | | | | 297,801 | | 297,801 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre hensive Grant Program | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|----------|-------------|----------|-------------|
| 164 Furniture, Equipment & Machinery - Administration | 100,952 | | | 68,606 | 169,558 | | 169,558 |
| 165 Leasehold Improvements | | | | | | | |
| 166 Accumulated Depreciation | (7,870,023) | | (498,851) | (39,802) | (8,408,676) | | (8,408,676) |
| 167 Construction in Progress | | | | | | | |
| 168 Infrastructure | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | 4,702,426 | - | 312,695 | 28,804 | 5,043,925 | - | 5,043,925 |
| 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 | 4,702,426 | - | 312,695 | 28,804 | 5,043,925 | - | 5,043,925 |
| 200 Deferred Outflow of Resources | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | 7,357,157 | 115,938 | 312,695 | 497,482 | 8,283,272 | (24,394) | 8,258,878 |
| 311 Bank Overdraft | | | | | | | |
| 312 Accounts Payable <= 90 Days | 19,725 | | | 803 | 20,528 | | 20,528 |
| 313 Accounts Payable >90 Days Past Due | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | | | | |
| 322 Accrued Compensated Absences - Current Portion | 23,723 | | | 4,927 | 28,650 | | 28,650 |
| 324 Accrued Contingency Liability | | | | | | | |
| 325 Accrued Interest Payable | | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | 152 | | | 152 | | 152 |
| 332 Account Payable - PHA Projects | | | | | | | |
| 333 Accounts Payable - Other Government | 73,482 | | | | 73,482 | | 73,482 |
| 341 Tenant Security Deposits | 35,900 | | | | 35,900 | | 35,900 |
| 342 Unearned Revenue | 10,795 | | | | 10,795 | | 10,795 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | |
| 345 Other Current Liabilities | | | | | | | |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre hensive Grant Program | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|---|---------|-----------|----------|-----------|
| 346 Accrued Liabilities - Other | | | | | | | |
| 347 Inter Program - Due To | | 24,394 | | | 24,394 | (24,394) | - |
| 348 Loan Liability - Current | | | | | | | |
| 310 Total Current Liabilities | 163,625 | 24,546 | - | 5,730 | 193,901 | (24,394) | 169,507 |
| 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 | 94,888 | | | 19,709 | 114,597 | | 114,597 |
| 355 Loan Liability - Non Current | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | | |
| 350 Total Non-Current Liabilities | 94,888 | - | - | 19,709 | 114,597 | - | 114,597 |
| 300 Total Liabilities | 258,513 | 24,546 | - | 25,439 | 308,498 | (24,394) | 284,104 |
| 400 Deferred Inflow of Resources | | | | | | | |
| 508.4 Net Investment in Capital Assets | 4,702,426 | | 312,695 | 28,804 | 5,043,925 | | 5,043,925 |
| 511.4 Restricted Net Position | | 240 | | | 240 | | 240 |
| 512.4 Unrestricted Net Position | 2,396,218 | 91,152 | - | 443,239 | 2,930,609 | | 2,930,609 |
| 513 Total Equity - Net Assets / Position | 7,098,644 | 91,392 | 312,695 | 472,043 | 7,974,774 | - | 7,974,774 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | 7,357,157 | 115,938 | 312,695 | 497,482 | 8,283,272 | (24,394) | 8,258,878 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Comprehe nsive Grant Program | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------|-----------|-----------|-----------|
| 70300 Net Tenant Rental Revenue | 896,730 | | | | 896,730 | | 896,730 |
| 70400 Tenant Revenue - Other | 23,333 | | | | 23,333 | | 23,333 |
| 70500 Total Tenant Revenue | 920,063 | - | - | - | 920,063 | - | 920,063 |
| 70600 HUD PHA Operating Grants | 432,345 | 232,283 | | | 664,628 | | 664,628 |
| 70610 Capital Grants | 277,754 | | | | 277,754 | | 277,754 |
| 70710 Management Fee | | | | 179,371 | 179,371 | (179,371) | - |
| 70720 Asset Management Fee | | | | 30,000 | 30,000 | (30,000) | - |
| 70730 Book Keeping Fee | | | | 26,174 | 26,174 | (26,174) | - |
| 70740 Front Line Service Fee | | | | | | | |
| 70750 Other Fees | | | | | | | |
| 70700 Total Fee Revenue | | | | 235,545 | 235,545 | (235,545) | - |
| 70800 Other Government Grants | | | | | | | |
| 71100 Investment Income - Unrestricted | 4,595 | 156 | | 75 | 4,826 | | 4,826 |
| 71200 Mortgage Interest Income | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | |
| 71400 Fraud Recovery | | 2,726 | | | 2,726 | | 2,726 |
| 71500 Other Revenue | 16,796 | | | | 16,796 | | 16,796 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | |
| 72000 Investment Income - Restricted | | | | | | | |
| 70000 Total Revenue | 1,651,553 | 235,165 | - | 235,620 | 2,122,338 | (235,545) | 1,886,793 |
| 91100 Administrative Salaries | 135,891 | 26,659 | | 52,528 | 215,078 | | 215,078 |
| 91200 Auditing Fees | | | | 16,000 | 16,000 | | 16,000 |
| 91300 Management Fee | 172,927 | 6,444 | | | 179,371 | (179,371) | - |
| 91310 Book-keeping Fee | 22,147 | 4,027 | | | 26,174 | (26,174) | - |
| 91400 Advertising and Marketing | | | | 500 | 500 | | 500 |
| 91500 Employee Benefit contributions - Administrative | 38,349 | 7,594 | | 14,209 | 60,152 | | 60,152 |
| 91600 Office Expenses | 39,774 | 6,703 | | 45,618 | 92,095 | | 92,095 |
| 91700 Legal Expense | | | | | | | |
| 91800 Travel | 3,029 | 653 | | 1,034 | 4,716 | | 4,716 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre hensive Grant Program | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------|----------|-----------|---------|
| 91810 Allocated Overhead | | | | | | | |
| 91900 Other | 764 | | | 28,200 | 28,964 | | 28,964 |
| 91000 Total Operating - Administrative | 412,881 | 52,080 | - | 158,089 | 623,050 | (205,545) | 417,505 |
| 92000 Asset Management Fee | 30,000 | | | | 30,000 | (30,000) | - |
| 92100 Tenant Services - Salaries | | | | | | | |
| 92200 Relocation Costs | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | | |
| 92400 Tenant Services - Other | 3,491 | | | | 3,491 | | 3,491 |
| 92500 Total Tenant Services | 3,491 | - | - | - | 3,491 | - | 3,491 |
| 93100 Water | 124,015 | | | 890 | 124,905 | | 124,905 |
| 93200 Electricity | 38,445 | | | 3,861 | 42,306 | | 42,306 |
| 93300 Gas | 22,787 | | | 2,233 | 25,020 | | 25,020 |
| 93400 Fuel | | | | | | | |
| 93500 Labor | | | | | | | |
| 93600 Sewer | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | |
| 93000 Total Utilities | 185,247 | - | - | 6,984 | 192,231 | - | 192,231 |
| 94100 Ordinary Maintenance and Operations - Labor | 261,146 | | | | 261,146 | | 261,146 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 46,428 | | | 369 | 46,797 | | 46,797 |
| 94300 Ordinary Maintenance and Operations Contracts | 135,808 | | | 5,229 | 141,037 | | 141,037 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 73,683 | | | | 73,683 | | 73,683 |
| 94000 Total Maintenance | 517,065 | - | - | 5,598 | 522,663 | - | 522,663 |
| 95100 Protective Services - Labor | | | | | | | |
| 95200 Protective Services - Other Contract Costs | 26,000 | | | | 26,000 | | 26,000 |
| 95300 Protective Services - Other | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | |
| 95000 Total Protective Services | 26,000 | - | - | - | 26,000 | - | 26,000 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre nsive Grant Program | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------|-----------|-----------|-----------|
| 96110 Property Insurance | 69,083 | | | | 69,083 | | 69,083 |
| 96120 Liability Insurance | 9,359 | | | | 9,359 | | 9,359 |
| 96130 Workmen's Compensation | 10,338 | 578 | | 1,461 | 12,377 | | 12,377 |
| 96140 All Other Insurance | 6,875 | 98 | | 5,481 | 12,454 | | 12,454 |
| 96100 Total insurance Premiums | 95,655 | 676 | - | 6,942 | 103,273 | - | 103,273 |
| 96200 Other General Expenses | | | | | | | |
| 96210 Compensated Absences | | | | | | | |
| 96300 Payments in Lieu of Taxes | 73,482 | | | | 73,482 | | 73,482 |
| 96400 Bad debt - Tenant Rents | 19,529 | | | | 19,529 | | 19,529 |
| 96500 Bad debt - Mortgages | | | | | | | |
| 96600 Bad debt - Other | | | | | | | |
| 96800 Severance Expense | | | | | | | |
| 96000 Total Other General Expenses | 93,011 | - | - | - | 93,011 | - | 93,011 |
| 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 | - | - | - | - | - | - | - |
| 96900 Total Operating Expenses | 1,363,350 | 52,756 | - | 177,613 | 1,593,719 | (235,545) | 1,358,174 |
| 97000 Excess of Operating Revenue over Operating Expenses | 288,203 | 182,409 | - | 58,007 | 528,619 | - | 528,619 |
| 97100 Extraordinary Maintenance | 7,090 | | | | 7,090 | | 7,090 |
| 97200 Casualty Losses - Non-capitalized | | | | | | | |
| 97300 Housing Assistance Payments | | 230,445 | | | 230,445 | | 230,445 |
| 97350 HAP Portability-In | | | | | | | |
| 97400 Depreciation Expense | 284,611 | | 28,865 | 8,095 | 321,571 | | 321,571 |
| 97500 Fraud Losses | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | | |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Compre nsive Grant Program | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|---|---------|-----------|-----------|-----------|
| 90000 Total Expenses | 1,655,051 | 283,201 | 28,865 | 185,708 | 2,152,825 | (235,545) | 1,917,280 |
| 10010 Operating Transfer In | 92,297 | | | | 92,297 | | 92,297 |
| 10020 Operating transfer Out | (92,297) | | | | (92,297) | | (92,297) |
| 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 | 100,000 | | | | 100,000 | | 100,000 |
| 10092 Inter Project Excess Cash Transfer Out | (100,000) | | | | (100,000) | | (100,000) |
| 10093 Transfers between Program and Project - In | | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | | |
| 10100 Total Other financing Sources (Uses) | - | - | - | - | - | - | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | (3,498) | (48,036) | (28,865) | 49,912 | (30,487) | - | (30,487) |
| 11020 Required Annual Debt Principal Payments | - | - | - | - | - | - | - |
| 11030 Beginning Equity | 7,102,142 | 139,428 | 341,560 | 422,131 | 8,005,261 | | 8,005,261 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | | | | |
| 11050 Changes in Compensated Absence Balance | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | |
| 11170 Administrative Fee Equity | | 91,152 | | | 91,152 | | 91,152 |
| 11180 Housing Assistance Payments Equity | | 240 | | | 240 | | 240 |
| 11190 Unit Months Available | 3,000 | 840 | | | 3,840 | | 3,840 |
| 11210 Number of Unit Months Leased | 2,957 | 550 | | | 3,507 | | 3,507 |
| 11270 Excess Cash | 2,286,826 | | | | 2,286,826 | | 2,286,826 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | Project Total | 14.871 Housing Choice Vouchers | 14.859 Public Housing_Comprehe nsive Grant Program | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|---|--------|----------|------|---------|
| 11610 Land Purchases | - | | | - | - | | - |
| 11620 Building Purchases | 288,483 | | | - | 288,483 | | 288,483 |
| 11630 Furniture & Equipment - Dwelling Purchases | - | | | - | - | | - |
| 11640 Furniture & Equipment - Administrative Purchases | - | | | 27,600 | 27,600 | | 27,600 |
| 11650 Leasehold Improvements Purchases | - | | | - | - | | - |
| 11660 Infrastructure Purchases | - | | | - | - | | - |
| 13510 CFFP Debt Service Payments | - | | | - | - | | - |
| 13901 Replacement Housing Factor Funds | - | | | - | - | | - |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|--|-------------|-------------|------------|-----------|
| 111 Cash - Unrestricted | 987,804 | 152,948 | | 1,140,752 |
| 112 Cash - Restricted - Modernization and Development | | | | |
| 113 Cash - Other Restricted | | | | |
| 114 Cash - Tenant Security Deposits | 21,272 | 14,628 | | 35,900 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | |
| 100 Total Cash | 1,009,076 | 167,576 | - | 1,176,652 |
| 121 Accounts Receivable - PHA Projects | | | | |
| 122 Accounts Receivable - HUD Other Projects | 19,144 | 7,652 | | 26,796 |
| 124 Accounts Receivable - Other Government | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | |
| 126 Accounts Receivable - Tenants | 8,535 | 2,079 | | 10,614 |
| 126.1 Allowance for Doubtful Accounts - Tenants | (1,707) | (416) | | (2,123) |
| 126.2 Allowance for Doubtful Accounts - Other | - | - | | - |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | |
| 128 Fraud Recovery | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | |
| 129 Accrued Interest Receivable | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | 25,972 | 9,315 | - | 35,287 |
| 131 Investments - Unrestricted | 836,783 | 506,773 | | 1,343,556 |
| 132 Investments - Restricted | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | |
| 142 Prepaid Expenses and Other Assets | 38,400 | 28,098 | | 66,498 |
| 143 Inventories | 16,147 | 16,591 | | 32,738 |
| 143.1 Allowance for Obsolete Inventories | - | - | | - |
| 144 Inter Program Due From | | | | |
| 145 Assets Held for Sale | | | | |
| 150 Total Current Assets | 1,926,378 | 728,353 | - | 2,654,731 |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|-------------|
| 161 Land | 301,863 | 976,993 | | 1,278,856 |
| 162 Buildings | 5,859,927 | 5,034,913 | | 10,894,840 |
| 163 Furniture, Equipment & Machinery - Dwellings | 163,405 | 134,396 | | 297,801 |
| 164 Furniture, Equipment & Machinery - Administration | 45,589 | 55,363 | | 100,952 |
| 165 Leasehold Improvements | | | | |
| 166 Accumulated Depreciation | (3,510,153) | (4,359,870) | | (7,870,023) |
| 167 Construction in Progress | | | | |
| 168 Infrastructure | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | 2,860,631 | 1,841,795 | - | 4,702,426 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past | | | | |
| 173 Grants Receivable - Non Current | | | | |
| 174 Other Assets | | | | |
| 176 Investments in Joint Ventures | | | | |
| 180 Total Non-Current Assets | 2,860,631 | 1,841,795 | - | 4,702,426 |
| 200 Deferred Outflow of Resources | | | | |
| 290 Total Assets and Deferred Outflow of Resources | 4,787,009 | 2,570,148 | - | 7,357,157 |
| 311 Bank Overdraft | | | | |
| 312 Accounts Payable <= 90 Days | 12,125 | 7,600 | | 19,725 |
| 313 Accounts Payable >90 Days Past Due | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | |
| 322 Accrued Compensated Absences - Current Portion | 11,990 | 11,733 | | 23,723 |
| 324 Accrued Contingency Liability | | | | |
| 325 Accrued Interest Payable | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | |
| 332 Account Payable - PHA Projects | | | | |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|-----------|
| 333 Accounts Payable - Other Government | 47,010 | 26,472 | | 73,482 |
| 341 Tenant Security Deposits | 21,272 | 14,628 | | 35,900 |
| 342 Unearned Revenue | 5,883 | 4,912 | | 10,795 |
| 343 Current Portion of Long-term Debt - Capital | | | | |
| 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 | 98,280 | 65,345 | - | 163,625 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | |
| 353 Non-current Liabilities - Other | | | | |
| 354 Accrued Compensated Absences - Non Current | 47,956 | 46,932 | | 94,888 |
| 355 Loan Liability - Non Current | | | | |
| 356 FASB 5 Liabilities | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | |
| 350 Total Non-Current Liabilities | 47,956 | 46,932 | - | 94,888 |
| 300 Total Liabilities | 146,236 | 112,277 | - | 258,513 |
| 400 Deferred Inflow of Resources | | | | |
| 508.4 Net Investment in Capital Assets | 2,860,631 | 1,841,795 | | 4,702,426 |
| 511.4 Restricted Net Position | | | | |
| 512.4 Unrestricted Net Position | 1,780,142 | 616,076 | - | 2,396,218 |
| 513 Total Equity - Net Assets / Position | 4,640,773 | 2,457,871 | - | 7,098,644 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - | 4,787,009 | 2,570,148 | - | 7,357,157 |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|-----------|
| 70300 Net Tenant Rental Revenue | 562,855 | 333,875 | | 896,730 |
| 70400 Tenant Revenue - Other | 11,729 | 11,604 | | 23,333 |
| 70500 Total Tenant Revenue | 574,584 | 345,479 | - | 920,063 |
| 70600 HUD PHA Operating Grants | 288,493 | 143,852 | | 432,345 |
| 70610 Capital Grants | 13,515 | 264,239 | | 277,754 |
| 70710 Management Fee | | | | |
| 70720 Asset Management Fee | | | | |
| 70730 Book Keeping Fee | | | | |
| 70740 Front Line Service Fee | | | | |
| 70750 Other Fees | | | | |
| 70700 Total Fee Revenue | | | | |
| 70800 Other Government Grants | | | | |
| 71100 Investment Income - Unrestricted | 3,283 | 1,312 | | 4,595 |
| 71200 Mortgage Interest Income | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | |
| 71310 Cost of Sale of Assets | | | | |
| 71400 Fraud Recovery | | | | |
| 71500 Other Revenue | 13,972 | 2,824 | | 16,796 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | |
| 72000 Investment Income - Restricted | | | | |
| 70000 Total Revenue | 893,847 | 757,706 | - | 1,651,553 |
| 91100 Administrative Salaries | 83,019 | 52,872 | | 135,891 |
| 91200 Auditing Fees | | | | |
| 91300 Management Fee | 100,723 | 72,204 | | 172,927 |
| 91310 Book-keeping Fee | 12,900 | 9,247 | | 22,147 |
| 91400 Advertising and Marketing | | | | |
| 91500 Employee Benefit contributions - Administrative | 23,442 | 14,907 | | 38,349 |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|---------|
| 91600 Office Expenses | 20,729 | 19,045 | | 39,774 |
| 91700 Legal Expense | | | | |
| 91800 Travel | 1,856 | 1,173 | | 3,029 |
| 91810 Allocated Overhead | | | | |
| 91900 Other | 463 | 301 | | 764 |
| 91000 Total Operating - Administrative | 243,132 | 169,749 | - | 412,881 |
| 92000 Asset Management Fee | 17,520 | 12,480 | | 30,000 |
| 92100 Tenant Services - Salaries | | | | |
| 92200 Relocation Costs | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | |
| 92400 Tenant Services - Other | 2,130 | 1,361 | | 3,491 |
| 92500 Total Tenant Services | 2,130 | 1,361 | - | 3,491 |
| 93100 Water | 93,003 | 31,012 | | 124,015 |
| 93200 Electricity | 7,636 | 30,809 | | 38,445 |
| 93300 Gas | 3,844 | 18,943 | | 22,787 |
| 93400 Fuel | | | | |
| 93500 Labor | | | | |
| 93600 Sewer | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | |
| 93800 Other Utilities Expense | | | | |
| 93000 Total Utilities | 104,483 | 80,764 | - | 185,247 |
| 94100 Ordinary Maintenance and Operations - Labor | 130,055 | 131,091 | | 261,146 |
| 94200 Ordinary Maintenance and Operations - Materials and | 36,683 | 9,745 | | 46,428 |
| 94300 Ordinary Maintenance and Operations Contracts | 77,137 | 58,671 | | 135,808 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 36,724 | 36,959 | | 73,683 |
| 94000 Total Maintenance | 280,599 | 236,466 | - | 517,065 |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|--|-------------|-------------|------------|-----------|
| 95100 Protective Services - Labor | | | | |
| 95200 Protective Services - Other Contract Costs | 15,080 | 10,920 | | 26,000 |
| 95300 Protective Services - Other | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | |
| 95000 Total Protective Services | 15,080 | 10,920 | - | 26,000 |
| 96110 Property Insurance | 40,069 | 29,014 | | 69,083 |
| 96120 Liability Insurance | 5,428 | 3,931 | | 9,359 |
| 96130 Workmen's Compensation | 5,544 | 4,794 | | 10,338 |
| 96140 All Other Insurance | 3,621 | 3,254 | | 6,875 |
| 96100 Total insurance Premiums | 54,662 | 40,993 | - | 95,655 |
| 96200 Other General Expenses | | | | |
| 96210 Compensated Absences | | | | |
| 96300 Payments in Lieu of Taxes | 47,010 | 26,472 | | 73,482 |
| 96400 Bad debt - Tenant Rents | 19,070 | 459 | | 19,529 |
| 96500 Bad debt - Mortgages | | | | |
| 96600 Bad debt - Other | | | | |
| 96800 Severance Expense | | | | |
| 96000 Total Other General Expenses | 66,080 | 26,931 | - | 93,011 |
| 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 | - | - | - | - |
| 96900 Total Operating Expenses | 783,686 | 579,664 | - | 1,363,350 |
| 97000 Excess of Operating Revenue over Operating Expenses | 110,161 | 178,042 | - | 288,203 |

Housing Authority of the City of Charlestown (IN025)

CHARLESTOWN, IN

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|-----------|
| 97100 Extraordinary Maintenance | 7,090 | | | 7,090 |
| 97200 Casualty Losses - Non-capitalized | | | | |
| 97300 Housing Assistance Payments | | | | |
| 97350 HAP Portability-In | | | | |
| 97400 Depreciation Expense | 221,388 | 63,223 | | 284,611 |
| 97500 Fraud Losses | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | |
| 97800 Dwelling Units Rent Expense | | | | |
| 90000 Total Expenses | 1,012,164 | 642,887 | - | 1,655,051 |
| 10010 Operating Transfer In | 45,399 | 46,898 | | 92,297 |
| 10020 Operating transfer Out | (45,399) | (46,898) | | (92,297) |
| 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 | | 100,000 | | 100,000 |
| 10092 Inter Project Excess Cash Transfer Out | (100,000) | | | (100,000) |
| 10093 Transfers between Program and Project - In | | | | |
| 10094 Transfers between Project and Program - Out | | | | |
| 10100 Total Other financing Sources (Uses) | (100,000) | 100,000 | - | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total | (218,317) | 214,819 | - | (3,498) |
| 11020 Required Annual Debt Principal Payments | - | - | - | - |
| 11030 Beginning Equity | 4,859,090 | 2,243,052 | - | 7,102,142 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction | | | | |

Housing Authority of the City of Charlestown (IN025)
 CHARLESTOWN, IN
 Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

| | IN025000001 | IN025000002 | OTHER PROJ | Total |
|---|-------------|-------------|------------|-----------|
| 11050 Changes in Compensated Absence Balance | | | | |
| 11060 Changes in Contingent Liability Balance | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | |
| 11170 Administrative Fee Equity | | | | |
| 11180 Housing Assistance Payments Equity | | | | |
| 11190 Unit Months Available | 1,752 | 1,248 | - | 3,000 |
| 11210 Number of Unit Months Leased | 1,721 | 1,236 | - | 2,957 |
| 11270 Excess Cash | 1,712,904 | 573,922 | - | 2,286,826 |
| 11610 Land Purchases | - | - | - | - |
| 11620 Building Purchases | 24,244 | 264,239 | - | 288,483 |
| 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 | - | - | - | - |