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November 28, 2018

Board of Directors
Housing Authority of the City of Angola
617 North Williams Street
Angola, IN 46703

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

In our opinion, the audit report included all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF ANGOLA

AUDITED FINANCIAL STATEMENTS

Angola, Indiana

December 31, 2017

Goldie Roberts

Certified Public Accountant

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

HOUSING AUTHORITY OF THE
CITY OF ANGOLA

ANGOLA, INDIANA
DECEMBER 31, 2017

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Angola
617 North Williams Street
Angola, Indiana 46703

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Angola ("the Authority") which comprise the Statement of Net Position as of December 31, 2017, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Angola's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through v and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 20 through 21 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 13, 2018 on my consideration of the Housing Authority of the City of Angola's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Angola's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 13, 2018

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Management's Discussion and Analysis

As management of the Housing Authority of the City of Angola, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Angola.

Overview of the Financial Statements

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017
(Continued)

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

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

Low Income Public Housing (LIPH)

The Housing Authority owns 188 units at 2 sites in Angola, Indiana. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Capital Fund Grant (CFP)

This grant program is awarded by HUD on an annual basis. The purpose of these grants is to improve the Authority's sites and the management of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to fully expend an annual award.

Future Events (New Business)

There are no future events planned by the Authority that will significantly affect the Authority's Net Position either positively or negatively.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
 Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2017
 (Continued)

Condensed Comparative Financial Statements

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

Total Cash for FYE 2017 was \$657,721 and at FYE 2016 the amount was \$669,017. This represents a net increase of \$188,704.

Total capital assets, net of accumulated depreciation increased by \$15,260 due to the net effect of depreciation and additions from the bathroom renovation project, exhaust fan replacement and MUA modifications project.

Deferred Outflows decreased by \$41,467 due to the pension plan.

Noncurrent Liabilities decreased by \$158,426 primarily due to paying on the Energy Conservation Loan, \$104,796 and Pension Liability, \$53,630.

Deferred Inflows increased due to the pension plan.

The table on the below illustrates our analysis:

	2017		2016		Net Change
Current Assets	\$ 945,251	\$	762,043	\$	183,208
Capital Assets, Net	3,570,565		3,555,305		15,260
Deferred outflow of Resources	57,154		98,621		(41,467)
Total Assets & Deferred Outflow	<u>\$ 4,572,970</u>		<u>4,415,969</u>	\$	<u>157,001</u>
Current Liabilities	\$ 201,638	\$	182,649	\$	18,989
Noncurrent Liabilities	859,425		1,017,851		(158,426)
Total Liabilities	<u>\$ 1,061,063</u>	\$	<u>1,200,500</u>	\$	<u>(139,437)</u>
Deferred Inflow of Resources	\$ 38,524	\$	19,349	\$	19,175
Unrestricted	\$ 674,048	\$	507,983	\$	166,065
Investment in Capital Assets	2,799,335		2,688,137		111,198
Total Net Position	<u>\$ 3,473,383</u>	\$	<u>3,196,120</u>	\$	<u>277,263</u>

HOUSING AUTHORITY OF THE CITY OF ANGOLA
 Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2017
 (Continued)

Analysis of Entity Wide Revenues (Statement Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2017 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$ 568,979
PHA Grant	\$ 410,626
Capital Fund Program	\$ 473,110

Net tenant rental for Fiscal Year Ending December 31, 2017 was \$552,074 as compared to the total revenues for Fiscal Year Ending December 31, 2016 of \$492,724. Comparatively, Fiscal Year Ending 2017 revenues increased from Fiscal Year Ending 2016 revenues by \$55,671. This is due to our average rent increasing.

HUD PHA Grants for 2017 was \$410,626 compared to \$396,584 received in 2016.

Capital Grants for 2017 was \$473,110 compared to \$199,730 received in 2016 due to the bathroom renovations project being funded primarily from the 2014, 2015 & 2016 CFP Grants.

Other Revenue for 2017 was \$40,781 compared to \$14,635 earned in 2016 primarily due to insurance proceeds of \$20,816 received.

	2017		2016		Net Change
Total Tenant Revenue	\$ 568,979	\$	513,305	\$	55,674
HUD Operating Grants	410,626		396,584		14,042
Gain on Sale of Capital Assets	-		4,000		(4,000)
Capital Grants	473,110		199,730		273,380
Investment Income	1,433		1,271		162
Other Revenue	40,781		14,635		26,146
Total Revenue	<u>\$ 1,494,929</u>	\$	<u>1,129,528</u>	\$	<u>365,401</u>

(Continued)

HOUSING AUTHORITY OF THE CITY OF ANGOLA
 Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2017

Analysis of Entity Wide Expenditures

Administrative Costs decreased \$23,221 primarily due to a reduction in salaries and employee benefits.

Contract Costs decreased \$15,053 due to a decrease in garbage and trash removal by \$5,632, heating & cooling repairs by \$4,093, landscape & grounds by \$1,409, electrical repairs by \$4,648, routine maintenance by \$2,584 and miscellaneous contracts by 9,033. Elevator maintenance increased by \$4,648 and extermination contracts by \$8,171.

Casualty Loss increased by \$19,088. This was due to vandalism to a unit.

The table below illustrates our analysis:

	2017	2016	Net Change
Utilities	107,890	97,826	10,064
Maintenance	210,253	244,947	(34,694)
General Expense	168,857	163,987	4,870
Casualty Losses	19,088		19,088
Depreciation Expense	473,534	478,148	(4,614)
Total Expenses	\$ 1,217,666	\$ 1,248,539	\$ (30,873)

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved. The Authority is permitted four years to expended these funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budget is equal to the actual expense.

(Continued)

HOUSING AUTHORITY OF THE CITY OF ANGOLA
 Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2017
 (Continued)

Housing Authority Budgetary Highlights

	Budget	Actual	Variance
Tenant Revenue	\$ 552,260	\$ 552,074	\$ 186
Tenant Revenue Other	18,190	16,905	1,285
HUD Operating Grants	410,081	410,626	(545)
HUD Capital Grants	473,110	473,110	0
Investment Income	930	1,433	(503)
Other Revenue	25,680	40,781	(15,101)
Total Revenue	<u>1,480,251</u>	<u>1,494,929</u>	<u>(14,678)</u>
Administrative	228,850	222,035	6,815
Tenant Services	2,000	859	1,141
Utilities	107,120	107,890	(770)
Maintenance	242,640	210,254	32,386
General Expense	140,840	151,466	(10,626)
Depreciation Expenses	463,565	463,565	0
Total Expenses	<u>1,185,015</u>	<u>1,156,069</u>	<u>28,946</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

Buildings & Leasehold Improvements increased by \$486,731. This increase is due from a bathroom renovation project, exhaust fan replacement and MUA modifications project.

Furniture, Equipment & Machinery – Administration increased by \$4,442.

Accumulated Depreciation increased by \$472,244. The increase is due to the amount expensed \$473,534 less \$1,291 from the disposal of equipment.

Construction in Progress decreased by \$3,669.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
 Angola, Indiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2017
 (Continued)

	2017	2016	Net Change
Land	\$ 826,661	\$ 826,661	0
Buildings	11,189,154	10,702,423	486,731
Furniture, Equipment, & Machinery - Dwelling	195,635	195,635	0
Furniture, Equipment, & Machinery - Administrative	157,131	152,689	4,442
Construction in Process	1,400	5,069	(3,669)
Total Capital Assets	12,369,981	11,882,477	487,504
Accumulated Depreciation	(8,799,416)	(8,324,172)	(472,244)
Net Capital Assets	\$ 3,570,565	\$ 3,555,305	\$ 15,260

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Angola, Angola, Indiana.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT OF NET POSITION

DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 827,922
Restricted cash and cash equivalents	29,799
Accounts receivable, net	2,361
Prepaid insurance	71,806
Inventory, net	13,363
Total Current Assets	945,251

CAPITAL ASSETS

Land and other nondepreciable assets	828,061
Depreciable capital assets, net	2,742,504
Total Capital Assets	3,570,565

Total Assets **4,515,816**

Deferred outflow of resources

Pension related	57,154
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Total Assets and Deferred Outflow of Resources **4,572,970**

LIABILITIES

CURRENT LIABILITIES

Accounts payable	4,015
Accrued liabilities	61,775
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	29,799
Current portion of long term debt	100,528
Unearned revenue	5,521
Total Current Liabilities	201,638

NONCURRENT LIABILITIES

Net Pension Liability	188,723
Long term debt	670,702
Total Noncurrent Liabilities	859,425

Total Liabilities **1,061,063**

Deferred inflow of resources

Pension related	38,524
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NET POSITION

Net investment in capital assets	2,799,335
Unrestricted	674,048
TOTAL NET POSITION	\$ 3,473,383

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

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

OPERATING REVENUES

Rental income, net	\$ 568,979
Other revenue	40,781

TOTAL OPERATING REVENUES	609,760
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OPERATING EXPENSES

Administrative	237,185
Tenant services	859
Utilities	107,890
Ordinary maintenance and operation	229,341
Protective services	0
General expense	168,857
Depreciation expense	473,534

TOTAL OPERATING EXPENSES	1,217,666
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OPERATING INCOME (LOSS)	(607,906)
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NONOPERATING REVENUES (EXPENSES)

Federal operating grants	410,626
Interest income	1,433

TOTAL NONOPERATING REVENUES	412,059
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CAPITAL CONTRIBUTIONS	473,110
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CHANGE IN NET POSITION	277,263
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NET POSITION, BEGINNING OF YEAR	3,196,120
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NET POSITION, END OF YEAR	\$ 3,473,383
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 560,675
Payments to suppliers	(452,970)
Payments to/for employees	<u>(283,839)</u>
 Net Cash Flows Provided (Used) by Operating Activities	 <u>(111,733)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>1,433</u>
 Net Cash Provided by Investing Activities	 <u>1,433</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	473,110
Capital assets purchased	<u>(488,794)</u>
 Net Cash Provided (Used) from Capital and Related Financing Activities	 <u>(15,684)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payments on long term debt	(95,938)
Federal operating grants received	<u>410,626</u>
 Net Cash Flows Provided by Noncapital Financing Activities	 <u>314,688</u>

Net Increase (Decrease) in Cash and Cash Equivalents 188,704

Beginning Cash and Cash

Cash - Beginning of year 669,017

Ending Cash and Cash

Cash - End of year \$ 857,721

Reconciliation of Cash

Unrestricted \$ 827,922

Restricted 29,799

\$ 857,721

Continued

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

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

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income (loss)	\$	(607,906)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		473,534
(Increase) Decrease in:		
Accounts receivable		8,304
Prepaid expenses		(9,872)
Inventory		7,064
Increase (Decrease) in:		
Accounts payable		1,902
Pension related		7,012
Accrued liabilities		9,122
Unearned revenue		(893)
 Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(111,733)</u>

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization:

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

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Angola. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

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

At December 31, 2017, the Housing Authority has 185 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	<u>185</u>

The Authority is also operating Capital Fund Grant Programs.

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

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

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

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

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

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

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

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

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

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

Tenant Receivable - Receivable for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2017.

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

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

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$1,500 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings and improvements	5-40 years
Maintenance and office equipment	3-10 years

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

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

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, and then restricted resources as they are needed.

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

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and scheduled as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact person income, such as local job availability.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

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

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

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

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

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

At December 31, 2017, the carrying amount of the Authority's deposits was \$857,721 and the bank balance was \$976,313. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

Checking account	\$ 612,305
Money Market Account, Savings and Cert. of Deposit	<u>245,416</u>
Total	<u>\$ 857,721</u>

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE C - Accounts Receivable:

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

Tenants, Net of allowance \$1,129	\$ 1,947
Interest Receivable	414
	<u> </u>
Total	<u>\$ 2,361</u>

NOTE D - Prepaid Expense:

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

Prepaid insurance and other expenses	\$ 71,806
	<u> </u>

NOTE E - Inventory:

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

Materials and supplies, Net of Allowance of \$1,485	\$ 13,363
	<u> </u>

Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>12/31/16</u>	Increases	Decreases	Transfers	Ending Balance <u>12/31/17</u>
Capital assets, not being depreciated:					
Land	\$ 826,661	\$ 0	\$ 0	\$ 0	\$ 826,661
Construction in Progress	<u>5,069</u>	<u>475,472</u>	<u>0</u>	<u>(479,141)</u>	<u>1,400</u>
Total Capital Assets, Not being depreciated	<u>831,730</u>	<u>475,472</u>	<u>0</u>	<u>(479,141)</u>	<u>828,061</u>
Capital Assets, being depreciated:					
Buildings & Improvements	10,702,423	7,590	0	479,141	11,189,154
Furniture, Equipment & Machinery	<u>348,324</u>	<u>5,733</u>	<u>(1,291)</u>	<u>0</u>	<u>352,766</u>
Total Capital Assets, being depreciated	<u>11,050,747</u>	<u>13,323</u>	<u>(1,291)</u>	<u>479,141</u>	<u>11,541,920</u>

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE F - Capital Assets: (Continued)

Less Accumulated Depreciation for:					
Buildings & Improvements	(8,171,417)	(407,253)	0	0	(8,578,671)
Furniture, Equipment and Machinery	(155,754)	(66,281)	1,291	0	(220,744)
Total Accumulated Depreciation:	(8,327,172)	(473,534)	1,291	0	(8,799,415)
Total Capital Assets, being depreciated, net	2,723,575	(460,212)	0	479,141	2,742,505
Capital Assets, Net	<u>\$ 3,555,305</u>	<u>\$ 15,260</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,570,565</u>

Depreciation expenses of \$473,534 was incurred during the year.

NOTE G- Pension Plan:

Description of Pension Plan

The Housing Authority of the City of Angola (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

Members include officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE G- Pension Plan: (Continued)

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old and shoes age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA. Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA provided for the year ended June 30, 2017; however, eligible members received a one-time check in September of 2016.

The PERF Hybrid Plan also provides disability and survivor benefits.

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2016, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended December 31, 2016 was \$26,564. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. The basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined.

At June 30, 2018, the Authority's proportionate share was 0.00423%.

Net Pension Liability

At June 30, 2017, the Authority reported a liability of \$188,723. The proportionate share of the liability as of June 30, 2016 was \$242,353.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, was determined using member census data as of June 30, 2016 and adjusted, as appropriate to reflect changes between June 30, 2017 and June 30, 2017. The valuation results from June 30, 2016 were rolled to June 30, 2017 to reflect benefits accruals during the year less benefits paid. Key methods and assumptions used in calculating the total pension liability are presented below:

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE G- Pension Plan: (Continued)

Price inflation	2.25%
Cost of Living Increases	1.00%
Salary increases, including wage increases	2.5% to 4.25%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	 6.75%

Mortality assumption (healthy) rates were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

Disabled mortality assumption rates were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table with future mortality improvement inherent in the social Security Administration's 2014 Trustee report.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were undated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term expected rate of return of pension plan investments was determined using a building-block approach that considered the target asset allocation from the Board's investment policy and capital market forecasts from various investment professionals.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE G- Pension Plan: (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Actual Allocations	Target Range
Public equity	23.6%	22.0%
Private equity	12.7%	14.0%
Fixed Income-Ex Inflation-Linked	20.1%	20.0%
Fixed Income - Inflation-Linked	7.3%	7.0%
Real estate	6.5%	7.0%
Commodities	7.9%	8.0%
Absolute Return	9.6%	10.0%
Risk Parity	11.1%	12.0%
Cash Overlay	1.2%	N/A
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE G- Pension Plan: (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$275,245	\$188,723	\$116,799

Pension Expense

For the year ended December 31, 2017, the Housing Authority recognized pension expense of \$31,491, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$3,584	\$146
Net differences between projected and actual investment earnings on pension plan investments	\$29,853	\$9,462
Change of assumptions	\$3,030	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$9,910	\$28,916
Contributions made after plan year end (measurement date)	\$10,777	\$0
Total	\$57,154	\$38,524

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE G- Pension Plan: (Continued)

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

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2018	\$4,500
2019	\$1,355
2020	\$3,012
2021	\$(1,014)
2022	\$0
Thereafter	\$0
Total	\$7,853

The information presented above has not been audited.

NOTE H - Accounts Payable:

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

Vendor Accounts Payable	<u>\$ 4,015</u>
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NOTE I - Accrued Liabilities:

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

Accrued wage payable	\$ 5,458
Payment in lieu of taxes	45,396
Accrued liability - other (Utilities)	<u>10,921</u>
Total	<u>\$ 61,775</u>

NOTE J - Unearned Revenue:

Unearned revenue at December 31, 2017, consist of the following:

Prepaid rent	<u>\$ 5,521</u>
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HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE K - Notes Payable:

Notes Payable at December 31, 2017, consist of the following:

The mortgage is payable to the FCN Bank, National Associates and bears interest at 4.558% per annum over 10 years. Monthly payments are from \$9,601 to \$13,543 per month. The mortgage note is secured by the Project. The final payment is due December 2023. The balance due is \$771,230.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 100,528	\$ 32,448	\$ 132,976
2019	113,313	24,317	137,630
2020	122,775	19,672	142,447
2021	132,790	14,642	147,432
2022	145,206	7,386	152,592
2023	<u>156,618</u>	<u>1,315</u>	<u>157,933</u>
Total	<u>\$ 771,230</u>	<u>\$ 99,780</u>	<u>\$ 871,010</u>

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
Change in Debt	<u>\$ 867,168</u>	<u>\$ 0</u>	<u>\$ 95,938</u>	<u>\$ 771,230</u>

NOTE L - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contract. These subsidy contributions for the operating year ended December 31, 2017 were as follows:

Low Rent Public Housing	<u>\$ 410,626</u>
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NOTE M - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended December 31, 2017 were \$473,110.

NOTE N - Commitments and Contingencies:

Litigation: At December 31, 2017, the Authority was not involved in any threatened litigation.

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)

NOTE N - Commitments and Contingencies: (Continued)

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: Currently, there is an HVAC replacement project in progress at December 31, 2017. Current construction in progress is \$1,400.

NOTE O - Risk Management:

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

NOTE P - Economic Dependency:

The Authority receives approximately 40% of its operating revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE Q - Conduit Type Debt:

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

NOTE R - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through June 13, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Housing Authority of the City of Angola proportion of the net pension liability	N/A	.0000079	.0000534
Housing Authority of the City of Angola proportionate share of the net pension liability	\$ 117,731	\$ 187,761	\$242,353
Housing Authority of the City of Angola covered employee payroll	\$ 226,962	\$ 202,290	\$211,330
Housing Authority of the City of Angola proportionate share of the net pension liability as a percentage of it's covered employee payroll	.518726%	.928177%	1.46799%

Note: Additional years information will be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF ANGOLA CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 30,992	\$ 28,725	\$ 26,564
Contributions in relation to the contractually required contribution	<u>\$ 30,992</u>	<u>\$ 28,725</u>	<u>\$ 26,564</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Housing Authority of the City of Angola covered employee payroll	\$ 226,962	\$ 202,290	\$211,330
Contributions as a percentage of covered employee payroll	13.655%	14.2%	12.6%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2017

	A C C		Total
	C-543	C-543	
	Low	Income	
	Public	Capital	
	Housing	Fund	
		Programs	
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 827,922	\$ 0	\$ 827,922
Restricted cash and cash equivalents	29,799	0	29,799
Accounts receivable, net	2,361	0	2,361
Prepaid insurance	71,806	0	71,806
Inventory, net	13,363	0	13,363
Total Current Assets	945,251	0	945,251
<u>CAPITAL ASSETS</u>			
Land and other nondepreciable assets	828,061	0	828,061
Depreciable capital assets, net	2,742,504	0	2,742,504
Total Capital Assets	3,570,565	0	3,570,565
Total Assets	4,515,816	0	4,515,816
<u>Deferred outflow of resources</u>			
Pension related	57,154	0	57,154
Total Assets and Deferred Outflow of Resources	4,572,970	0	4,572,970
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	4,015	0	4,015
Accrued liabilities	61,775	0	61,775
Payable from restricted cash and cash equivalents:			
Tenant's security deposits	29,799	0	29,799
Current portion of long term debt	100,528	0	100,528
Unearned revenue	5,521	0	5,521
Total Current Liabilities	201,638	0	201,638
<u>NONCURRENT LIABILITIES</u>			
Net pension liability	188,723	0	188,723
Long term debt	670,702	0	670,702
Total Noncurrent Liabilities	859,425	0	859,425
Total Liabilities	1,061,063	0	1,061,063
<u>Deferred inflow of resources</u>			
Pension related	38,524	0	38,524
<u>NET POSITION</u>			
Net investment in capital assets	2,799,335	0	2,799,335
Unrestricted	674,048	0	674,048
TOTAL NET POSITION	\$ 3,473,383	\$ 0	\$ 3,473,383

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

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

	C-543 Low Income Public Housing	C-543 Capital Fund Programs	Total
<u>OPERATING REVENUES</u>			
Rental income, net	\$ 568,979	\$ 0	\$ 568,979
Other revenue	40,781	0	40,781
TOTAL OPERATING REVENUES	609,760	0	609,760
<u>OPERATING EXPENSES</u>			
Administrative	237,185	0	237,185
Tenant Services	859	0	859
Utilities	107,890	0	107,890
Ordinary maintenance and operation	229,341	0	229,341
Protective services	0	0	0
General expense	168,857	0	168,857
Depreciation expense	473,534	0	473,534
TOTAL OPERATING EXPENSES	1,217,666	0	1,217,666
OPERATING INCOME (LOSS)	(607,906)	0	(607,906)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	410,626	0	410,626
Gain on the sale of capital assets	0	0	0
Interest income	1,433	0	1,433
TOTAL NONOPERATING REVENUES	412,059	0	412,059
CAPITAL CONTRIBUTIONS	0	473,110	473,110
CHANGE IN NET POSITION	(195,847)	473,110	277,263
NET POSITION, BEGINNING OF YEAR, as originally stated	3,196,120	0	3,196,120
Change in accounting principle	473,110	(473,110)	0
NET POSITION, BEGINNING OF YEAR, year as restated	3,669,230	(473,110)	3,196,120
NET POSITION, END OF YEAR	\$ 3,473,383	\$ 0	\$ 3,473,383

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2017

Annual Contributions Contract C-543

	<u>501-14</u>	<u>501-15</u>
1. The Capital Fund Grant Costs are as follows:		
Funds Approved	\$ 193,264	\$ 195,834
Funds Expended	<u>193,264</u>	<u>195,834</u>
Excess / (Deficiency) of Funds Approved	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced	\$ 193,264	\$ 195,834
Funds Expended	<u>193,264</u>	<u>195,834</u>
Excess / (Deficiency) of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>

2. Costs additions totaling \$ 336,834 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.
3. The total amount of the Capital Fund Grant Costs at December 31, 2017 as shown above are in agreement with the Actual Development Cost Certificate submitted to HUD and approved by HUD.
4. All Capital Fund Grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

Housing Authority of the City of Angola (IN039)
ANGOLA, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$582,506	\$582,506	\$582,506
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$29,799	\$29,799	\$29,799
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$612,305	\$612,305	\$612,305
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0
124 Accounts Receivable - Other Government	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$3,076	\$3,076	\$3,076
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,129	-\$1,129	-\$1,129
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$414	\$414	\$414
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,361	\$2,361	\$2,361
131 Investments - Unrestricted	\$245,416	\$245,416	\$245,416
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$71,806	\$71,806	\$71,806
143 Inventories	\$14,848	\$14,848	\$14,848
143.1 Allowance for Obsolete Inventories	-\$1,485	-\$1,485	-\$1,485
144 Inter Program Due From	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0
150 Total Current Assets	\$945,251	\$945,251	\$945,251
161 Land	\$826,661	\$826,661	\$826,661
162 Buildings	\$11,189,154	\$11,189,154	\$11,189,154
163 Furniture, Equipment & Machinery - Dwellings	\$195,635	\$195,635	\$195,635
164 Furniture, Equipment & Machinery - Administration	\$157,131	\$157,131	\$157,131
165 Leasehold Improvements	\$0	\$0	\$0
166 Accumulated Depreciation	-\$8,799,416	-\$8,799,416	-\$8,799,416
167 Construction in Progress	\$1,400	\$1,400	\$1,400
168 Infrastructure	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,570,565	\$3,570,565	\$3,570,565
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0
180 Total Non-Current Assets	\$3,570,565	\$3,570,565	\$3,570,565
200 Deferred Outflow of Resources	\$57,154	\$57,154	\$57,154
290 Total Assets and Deferred Outflow of Resources	\$4,572,970	\$4,572,970	\$4,572,970
311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$4,015	\$4,015	\$4,015
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$5,458	\$5,458	\$5,458
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$0
324 Accrued Contingency Liability	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0

332 Account Payable - PHA Projects	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$45,396	\$45,396	\$45,396
341 Tenant Security Deposits	\$29,799	\$29,799	\$29,799
342 Unearned Revenue	\$5,521	\$5,521	\$5,521
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$100,528	\$100,528	\$100,528
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$10,921	\$10,921	\$10,921
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0
310 Total Current Liabilities	\$201,638	\$201,638	\$201,638
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$670,702	\$670,702	\$670,702
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$188,723	\$188,723	\$188,723
350 Total Non-Current Liabilities	\$859,425	\$859,425	\$859,425
300 Total Liabilities	\$1,061,063	\$1,061,063	\$1,061,063
400 Deferred Inflow of Resources	\$38,524	\$38,524	\$38,524
508.4 Net Investment in Capital Assets	\$2,799,335	\$2,799,335	\$2,799,335
511.4 Restricted Net Position	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$674,048	\$674,048	\$674,048
513 Total Equity - Net Assets / Position	\$3,473,383	\$3,473,383	\$3,473,383
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,572,970	\$4,572,970	\$4,572,970

Housing Authority of the City of Angola (IN039)
ANGOLA, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$552,074	\$552,074	\$552,074
70400 Tenant Revenue - Other	\$16,905	\$16,905	\$16,905
70500 Total Tenant Revenue	\$568,979	\$568,979	\$568,979
70600 HUD PHA Operating Grants	\$410,626	\$410,626	\$410,626
70610 Capital Grants	\$473,110	\$473,110	\$473,110
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	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$1,433	\$1,433	\$1,433
71200 Mortgage Interest Income	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0
71500 Other Revenue	\$40,781	\$40,781	\$40,781
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$1,494,929	\$1,494,929	\$1,494,929
91100 Administrative Salaries	\$113,809	\$113,809	\$113,809
91200 Auditing Fees	\$4,526	\$4,526	\$4,526
91300 Management Fee	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0
91400 Advertising and Marketing	\$2,872	\$2,872	\$2,872
91500 Employee Benefit contributions - Administrative	\$47,735	\$47,735	\$47,735
91600 Office Expenses	\$20,648	\$20,648	\$20,648
91700 Legal Expense	\$2,351	\$2,351	\$2,351
91800 Travel	\$3,327	\$3,327	\$3,327
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$26,767	\$26,767	\$26,767
91000 Total Operating - Administrative	\$222,035	\$222,035	\$222,035
92000 Asset Management Fee	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0
92400 Tenant Services - Other	\$859	\$859	\$859
92500 Total Tenant Services	\$859	\$859	\$859
93100 Water	\$8,211	\$8,211	\$8,211
93200 Electricity	\$66,292	\$66,292	\$66,292
93300 Gas	\$17,727	\$17,727	\$17,727
93400 Fuel	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0
93600 Sewer	\$15,660	\$15,660	\$15,660
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0
93000 Total Utilities	\$107,890	\$107,890	\$107,890
94100 Ordinary Maintenance and Operations - Labor	\$81,417	\$81,417	\$81,417
94200 Ordinary Maintenance and Operations - Materials and Other	\$31,701	\$31,701	\$31,701
94300 Ordinary Maintenance and Operations Contracts	\$56,257	\$56,257	\$56,257

94500 Employee Benefit Contributions - Ordinary Maintenance	\$40,878	\$40,878	\$40,878
94000 Total Maintenance	\$210,253	\$210,253	\$210,253
95100 Protective Services - Labor	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$32,186	\$32,186	\$32,186
96120 Liability Insurance	\$10,108	\$10,108	\$10,108
96130 Workmen's Compensation	\$6,035	\$6,035	\$6,035
96140 All Other Insurance	\$7,450	\$7,450	\$7,450
96100 Total Insurance Premiums	\$55,779	\$55,779	\$55,779
96200 Other General Expenses	\$13,037	\$13,037	\$13,037
96210 Compensated Absences	\$15,150	\$15,150	\$15,150
96300 Payments in Lieu of Taxes	\$45,396	\$45,396	\$45,396
96400 Bad debt - Tenant Rents	\$22,104	\$22,104	\$22,104
96500 Bad debt - Mortgages	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0
96000 Total Other General Expenses	\$95,687	\$95,687	\$95,687
96710 Interest of Mortgage (or Bonds) Payable	\$32,541	\$32,541	\$32,541
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$32,541	\$32,541	\$32,541
96900 Total Operating Expenses	\$725,044	\$725,044	\$725,044
97000 Excess of Operating Revenue over Operating Expenses	\$769,885	\$769,885	\$769,885
97100 Extraordinary Maintenance	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$19,088	\$19,088	\$19,088
97300 Housing Assistance Payments	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$473,534	\$473,534	\$473,534
97500 Fraud Losses	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$0	\$0	\$0
90000 Total Expenses	\$1,217,666	\$1,217,666	\$1,217,666
10010 Operating Transfer In	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$277,263	\$277,263	\$277,263
11020 Required Annual Debt Principal Payments	\$95,938	\$95,938	\$95,938
11030 Beginning Equity	\$3,196,120	\$3,196,120	\$3,196,120
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			

11070	Changes in Unrecognized Pension Transition Liability			
11080	Changes in Special Term/Severance Benefits Liability			
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100	Changes in Allowance for Doubtful Accounts - Other			
11170	Administrative Fee Equity			
11180	Housing Assistance Payments Equity			
11190	Unit Months Available	2220	2220	2220
11210	Number of Unit Months Leased	2131	2131	2131
11270	Excess Cash	\$598,024	\$598,024	\$598,024
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$485,625	\$485,625	\$485,625
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$3,169	\$3,169	\$3,169
11650	Leasehold Improvements Purchases	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0
13510	CFFP Debt Service Payments	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF ANGOLA
ANGOLA, Indiana

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

NOTE A - Financial Data Schedule:

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

Housing Authority of the City of Angola
Angola, Indiana

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

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
	<u>U. S. DEPARTMENT OF HUD</u>			
C-543	Public and Indiana Housing Operating Subsidy	14.850	\$ <u>410,626</u>	\$ <u>410,626</u>
C-543	Capital Fund Grant Program	14.852	\$ <u>592,964</u>	\$ <u>473,110</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u>1,003,590</u>	\$ <u>883,736</u>
<u>Notes to Schedule of Expenditures of Federal Awards</u>				

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Angola under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Angola, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Angola.

Note 2 Summary of Significant Accounting Policies

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Angola
617 North Williams Street
Angola, Indiana 46703

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Angola, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Angola's basic financial statements and have issued my report thereon dated June 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

Goldie Roberts
Certified Public Accountant

Fredericksburg, Indiana
June 13, 2018

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, Indiana 47120

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Angola
617 North Williams Street
Angola, Indiana 46703

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Angola's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Angola's major federal programs for the year ended December 31, 2017. The Housing Authority of the City of Angola's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Angola is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing

Authority of the City of Angola's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Angola's internal control over compliance.

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

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

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

Fredericksburg, Indiana
June 13, 2018


Certified Public Accountant

HOUSING AUTHORITY OF THE CITY OF ANGOLA
ANGOLA, Indiana

December 31, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified?

_____yes X no

~ Significant deficiency(s) identified?

_____yes X none reported

Noncompliance material to financial statements noted?

_____yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified?

_____yes X no

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

_____yes X none reported

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

Unmodified

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

_____yes X no

Identification of major federal programs:

CFDA Number

Name of Federal Program

14.850

Low Income Public HOusing

14.872

Low Income Public Housing Capital Fund Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____no

HOUSING AUTHORITY OF THE CITY OF ANGOLA
ANGOLA, Indiana

December, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.