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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

November 28, 2018

Board of Directors
Housing Authority of the City of Muncie
409 E 1st St
Muncie, IN 47302

We have reviewed the audit report of the Housing Authority of the City of Muncie which was opined on by Rubino & Company, Independent Public Accountant, for the period April 1, 2016 to March 31, 2017. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Muncie as of March 31, 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF MUNCIE

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
WITH INDEPENDENT AUDITORS' REPORT**

Years Ended March 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Muncie
Muncie, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type of the Housing Authority of the City of Muncie (the Authority) as of and for the year ended March 31, 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 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.

Auditors' 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 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 entity'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 entity'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 Authority as of March 31, 2017, and the respective 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.

Prior Period Financial Statements

We did not audit the financial statements as of and for the year ended March 31, 2016. Those statements were audited by other auditors whose report dated October 26, 2016 reported an unmodified opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Pension Schedules as identified in the Table of Contents on pages 4-11 and 32-33 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule and Statements and Certifications of Actual Capital Fund Program Costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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 is not a required part of the basic financial statements.

The Financial Data Schedule, Statements and Certifications of Actual Capital Fund Program Costs, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data 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 Financial Data Schedule, Statements and Certifications of Actual Capital Fund Program Costs, and the Schedule of Expenditures of Federal Awards are 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 December 20, 2017 on our consideration of the Authority's internal control over financial reporting and 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 the 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.

A handwritten signature in black ink that reads "Rubino & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
December 20, 2017

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

Management's Discussion and Analysis

This section of the Housing Authority of the City of the Muncie's (the Authority's) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2017, with selective comparison to the financial performance for the fiscal year ended March 31, 2016. Please read it in conjunction with the Authority's financial statements, which follow this section.

We are pleased to submit the financial statements of the Authority for the year ended March 31, 2017. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information, which complies with reporting requirements of the U.S. Department of Housing and Urban Development (HUD) and the Governmental Accounting Standards Board.

Financial Highlights

- Net Position at March 31, 2017, was \$19.2 million an increase of \$240.3 thousand from the March 31, 2016 total of \$18.96 million.
- Total assets decreased by \$1.7 million from \$23.2 million at March 31, 2016 to \$21.5 million at March 31, 2017.
- Capital assets were \$14.1 million at March 31, 2017, a decrease of \$54 thousand from the March 31, 2016, balance of \$14.2 million, primarily because of depreciation.
- Deferred Outflow of Resources increased by \$28.6 thousand from \$173.2 thousand at March 31, 2016 to \$201.8 thousand at March 31, 2017.
- Liabilities decreased by approximately \$1.9 million or 45.3% from \$4.2 million at March 31, 2016 to \$2.3 million at March 31, 2017.
- Revenue increased by \$786 thousand for fiscal year 2017. The increase was primarily in HUD Capital Grants.
- Operating expenses, excluding depreciation, decreased by \$348.8 thousand or 4.4%, from \$6.6 million at March 31, 2016 to \$ 6.3 million at March 31, 2017.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Financial Highlights (continued)

The management's discussion and analysis section includes information on the past and future accomplishments of the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

Using this Report

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Overview of the Financial Reports

The Authority's basic financial statements are presented as a single enterprise fund whose operations include the low rent and the housing choice voucher and a component unit as follows.

Fund Financial Statements are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's fund only consisted of a Proprietary Fund.

The Authority's Proprietary Fund is comprised of an enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services.

Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Low-Income Public Housing-Under Low-Income Public Housing Program, the Authority rents units it owns to low-income families. The program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a family's adjusted gross household income.

Capital Fund Program (CFP) - The Low-Income Public Housing Program includes the Capital Funds Program, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the authorities housing stock.

Hope VI Program (Hope VI) - The Hope VI Program were grants obtained from HUD to demolish and revitalize developments through the use of a mixture of subsidize and mixed income housing units.

Section 8 Housing Assistance-Vouchers-The Housing Choice Voucher is the federal government's programs for assisting low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The programs are administered locally by public housing authorities. The Authority's receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the Authority on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Components Unit - The Blended Component unit is a not-for-profit organization formed by the Authority for the purpose of assisting in the development of projects which provide housing to a mixture of low-income and market rate families. The low-income family rents are subsidized by HUD.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

Overview of the Financial Reports

Additionally, the Authority is required to undergo an annual single audit as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be issued with this report.

Financial Analysis of the Authority

Net Position (in thousands)

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Total Percentage Change</u>
ASSETS				
Current Assets	\$ 2,324	\$ 643	\$ 1,681	261%
Non-Current Assets				
Notes Receivable	4,862	8,195	(3,333)	-41%
Capital Assets	14,139	14,193	(54)	0%
Total Non-Current Assets	19,001	22,388	(3,387)	-15%
Deferred Outflow of Resources	<u>202</u>	<u>173</u>	<u>29</u>	16%
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 21,527</u>	<u>\$ 23,204</u>	<u>\$ (1,677)</u>	-7%
LIABILITIES AND NET POSITION				
Current Liabilities	\$ 1,645	\$ 192	\$ 1,453	756%
Non Current Liabilities				
Accrued Comensated Absences	24	20	4	22%
Pension Liability	514	528	(14)	-3%
Other Non-Current Liabilities	<u>65</u>	<u>3,446</u>	<u>(3,381)</u>	-98%
Total Non Current Liabilities	603	3,994	(3,391)	-85%
Deferred Inflow of Resources	<u>73</u>	<u>51</u>	<u>22</u>	43%
Total Liabilities and Deferred Inflows	<u>2,320</u>	<u>4,237</u>	<u>(1,917)</u>	-45%
Invested in Capital Assets	14,139	14,193	(54)	0%
Unrestricted	4,784	4,690	94	2%
Restricted	<u>284</u>	<u>84</u>	<u>200</u>	238%
Total Net Position	<u>19,207</u>	<u>18,967</u>	<u>240</u>	1%
TOTAL LIABILITIES AND NET POSITION	<u>\$ 21,527</u>	<u>\$ 23,204</u>	<u>\$ (1,677)</u>	-7%

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

Financial Analysis of the Authority (continued)

As shown in Table 1, the Authority's total net position at March 31, 2017, was approximately \$19.2 million, a 1 percent increase from the March 31, 2016 balance of \$19.0 million.

Total assets and deferred outflows decreased by 7.2% to approximately \$21.5 million. The decrease was mainly due to an allowance being set-up for the entire deferred interest income amount related to the notes receivable.

Total liabilities and deferred inflows decreased by \$1.9 million or about 45.3% from \$4.2 million at March 31, 2016, to \$2.3 million at March 31, 2017. The decrease mainly occurred because of a decrease in deferred interest offset by the reclassification of cash to a bank overdraft in the current year.

Change in Net Position (in thousands)

Overall, net position increased by approximately \$240.3 thousand or 1.0 percent at March 31, 2017, due to net income and a prior period adjustment.

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Total Percentage Change</u>
Tenant Revenues	\$ 590	\$ 474	\$ 116	24.5%
HUD Grant Revenue	7,046	6,345	701	11.0%
Other Income	<u>178</u>	<u>208</u>	<u>(30)</u>	<u>-14.4%</u>
Total Revenues	7,813	7,027	787	11.2%
Operating Expenses	6,290	6,637	(347)	-5.2%
Depreciation	<u>1,218</u>	<u>1,233</u>	<u>(15)</u>	<u>-1.2%</u>
Total Expenses	7,508	7,870	(362)	-4.6%
Change in Net Position	306	(843)	1,149	-136.3%
Beginning Net Position	18,967	19,810	(843)	-4.3%
Prior Period Adjustments	<u>(66)</u>	<u>-</u>	<u>(66)</u>	<u>0.0%</u>
Total Net Position	<u>\$ 19,207</u>	<u>\$ 18,967</u>	<u>\$ 240</u>	<u>1%</u>

As shown in Table 2, the Authority's total operating revenues, which included HUD Operating and Capital Grants, tenant rents, interest and other income increased by \$787 thousand or 11.2%.

Total expenses, including depreciation, decreased by approximately 4.6 percent, changes are shown below in Table 3:

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

Financial Analysis of the Authority (continued)

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Total Percentage Change</u>
Administrative Expenses	\$ 816	\$ 1,010	\$ (194)	-19.2%
Utilities Expenses	447	394	52	13.2%
Ordinary Maintenance	678	669	9	1.4%
Protective Services	14	14	-	0.0%
General Expenses	409	386	23	6.1%
Housing Assistance Payments	3,925	4,164	(239)	-5.8%
Depreciation Expense	1,218	1,233	(15)	-1.2%
Total Expenses	<u>\$ 7,507</u>	<u>\$ 7,871</u>	<u>(363)</u>	<u>-4.6%</u>

Decreases occurred in administrative, Housing Assistance Payments, and depreciation. Increases occurred primarily in utilities and general expenses.

Capital Assets

Capital assets decreased by approximately \$54 thousand from \$14.2 million to \$14.1 million, as shown in the table below:

	<u>March 31, 2016</u>	<u>Additions and Disposals</u>	<u>March 31, 2017</u>
Land and Structures	\$ 30,376	\$ 667	\$ 31,043
Equipment and Furniture	1,817	20	1,837
Construction in Progress	713	477	1,190
Less Accumulated Depreciation	<u>18,713</u>	<u>1,218</u>	<u>19,931</u>
Total Capital Assets	<u>\$ 14,193</u>	<u>\$ (54)</u>	<u>\$ 14,139</u>

The Authority had additions of \$1.2 million and no disposals. The change in construction in progress of \$477 thousand resulted from the capitalization of several capital projects. Lastly, depreciation expense was \$1.2 million.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

Notes Receivables and Deferred Inflows and Outflows of Resources

The Authority has several notes receivable outstanding as a result of funds loaned to mixed income developers by its HOPE VI program to demolish and revitalize some of its housing units. These are long-term notes that will mature in 2025 and 2046. Interest receivable and interest income are accumulated and are not required to be paid until the developments generate positive cash flow per HUD regulations.

Additionally, the Authority had deferred inflows and outflows of resources related to current and future pension requirements.

Budgetary Highlights

For the operating budget, the Chief Financial Officer submits a request for operating subsidies; based on expected rental income. The Executive Director then prepares a budget for the low rent operating program based on, functions, activities, or objectives for the following fiscal year. The budget is then given to the Board of Commissioners. The Commissioners approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. Most funding is dependent on the availability of federal funds.

Capital project budgets are approved and are adopted for five years by the Board of Commissioners and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five year plan and are monitored by the Authority and HUD. Line item variances are resolved and approved by HUD.

Major Initiatives

The Authority continues to seek opportunities to acquire or build additional units and/or developments as funding is available and the projects are feasible. Actions are focused on efforts to revitalize older housing units and to seek out ways to construct new units in order to expand the portfolio to better address the needs for affordable housing.

The Authority's Strategic Goal includes the following:

- Expanding the supply of affordable housing with our Instrumentality.
- Improving the quality of existing affordable housing.
- Providing an improved living environment within our developments.
- Promoting self-sufficiency through an increase of access to and/or creating programs.
- Ensuring equal opportunity and affirmatively furthering fair housing.
- Promote and support opportunities for homeownership.
- Increase staff capacity and commit to further staff training.
- To seek out potential sources of revenue in order to continue operations with less dependency on federal subsidy.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

Major Initiatives (continued)

It will be the Authority's continued mission to promote affordable, safe, decent, sanitary housing in good repair, economic growth opportunity and a suitable living environment free from discrimination. We will also seek to provide educational opportunities through collaborations and/or partnerships with other educational sources.

Economic Factors

The Authority is primarily dependent upon HUD for its funding of operations; therefore, operating revenues are affected more by the Federal budget than by local economic conditions.

Contacting the Authority

The financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joseph Anderson, Chief Executive Officer, Housing Authority of the City of Muncie, 409 East First Street, Muncie, Indiana 47308, or call (765) 288-9242.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
STATEMENTS OF NET POSITION
March 31, 2017 and 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,942,832	\$ 455,131
Accounts receivable, net	344,021	151,951
Prepaid expenses	23,006	20,736
Material inventories	14,260	15,113
Total current assets	2,324,119	642,931
NONCURRENT ASSETS		
Capital assets, net	14,138,752	14,192,747
Notes receivable, net	4,862,442	8,195,484
Total noncurrent assets	19,001,194	22,388,231
Total assets	21,325,313	23,031,162
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	201,765	173,206
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 21,527,078	\$ 23,204,368

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

HOUSING AUTHORITY OF THE CITY OF MUNCIE
STATEMENTS OF NET POSITION
March 31, 2017 and 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2017	2016
CURRENT LIABILITIES		
Accounts payable	1,454,162	77,519
Accrued liabilities	15,439	20,524
Accrued compensated absences, current portion	38,006	38,922
Tenant security deposits	47,047	42,984
Unearned revenue	90,205	12,226
Total current liabilities	1,644,859	192,175
NONCURRENT LIABILITIES		
Trust deposits	14,353	63,532
Accrued compensated absences, net of current portion	24,033	19,684
Other noncurrent liabilities	50,454	3,383,495
Net pension liability	513,752	527,848
Total noncurrent liabilities	602,592	3,994,559
Total liabilities	2,247,451	4,186,734
DEFERRED INFLOWS OF RESOURCES		
Pension plan	72,514	50,833
NET POSITION		
Net investment in capital assets	14,138,752	14,192,747
Restricted	271,278	83,913
Unrestricted	4,797,083	4,690,141
Total net position	19,207,113	18,966,801
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 21,527,078	\$ 23,204,368

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

HOUSING AUTHORITY OF THE CITY OF MUNCIE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended March 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Tenant charges	\$ 589,739	\$ 473,561
HUD operating grants	5,830,009	5,847,499
Other income	177,560	208,266
Total operating revenues	6,597,308	6,529,326
 OPERATING EXPENSES		
Administration	815,960	1,009,946
Utilities	446,600	394,441
Ordinary maintenance	678,279	669,229
Protective services	14,400	14,400
General expenses	409,187	385,797
Housing assistance payments	3,924,604	4,164,043
Depreciation expense	1,218,106	1,232,632
Total operating expenses	7,507,136	7,870,488
Net operating income (loss)	(909,828)	(1,341,162)
 NON-OPERATING REVENUES (EXPENSES)		
Interest income	186	177
HUD capital grants	1,215,667	497,659
Total non-operating revenue (expenses)	1,215,853	497,836
 Change in net position	306,025	(843,326)
 Net position, beginning of year	18,966,801	20,069,105
 Prior period adjustment	(65,713)	(258,978)
 Net position, end of year	\$ 19,207,113	\$ 18,966,801

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

HOUSING AUTHORITY OF THE CITY OF MUNCIE
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants and others	\$ 818,646	\$ 730,325
Receipts from federal government	5,668,634	5,847,499
Payments to employees	(807,659)	(881,659)
Payments to vendors and suppliers	(4,243,662)	(5,415,435)
Net cash flows provided by operating activities	1,435,959	280,730
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
(Purchase)/sale of capital assets	(1,164,111)	(334,084)
Proceeds from capital grants	1,215,667	497,659
Net cash flows provided by capital and related financing activities	51,556	163,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	186	129
Net cash flows provided by investing activities	186	129
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,487,701	444,434
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	952,790	508,356
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,440,491	\$ 952,790
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (909,828)	\$ (1,341,162)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,218,106	1,232,632
Decrease (increase) in accounts receivable	(192,070)	(229,518)
Decrease (increase) in prepaid expenses	(2,270)	11,588
Decrease (increase) in material inventories	853	146
Increase (decrease) in deferred outflows of resources	(28,559)	(173,206)
Increase (decrease) in accounts payable	1,310,930	222,842
Increase (decrease) in accrued liabilities	(46,767)	(21,273)
Increase (decrease) in unearned revenue	77,979	-
Increase (decrease) in net pension liability	(14,096)	527,848
Increase (decrease) in deferred inflows of resources	21,681	50,833
Net cash used in operating activities	\$ 1,435,959	\$ 280,730

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

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. ORGANIZATION AND PROGRAM DESCRIPTION

The Housing Authority of the City of Muncie, Indiana (the Authority) is a quasi-governmental corporation created and organized under the Housing Authority Act of the State of Indiana to engage in the acquisition, development, leasing and administration of a low-rent housing program and other federally assisted programs. Most funding is provided by the United States Department of Housing and Urban Development (HUD).

The governing body of the Authority is its Board of Commissioners (Board) composed of five members appointed by the Mayor of the City of Muncie (City). The Board appoints an Executive Director to administer the affairs of the Authority. The Authority is not considered a component unit of the City.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and to provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions (subsidies) to PHAs for the purpose of maintaining the low rent character of the local housing program. All funds and programs are included in these statements.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into public housing and grant programs as follows:

Low Rent Housing – The low rent-housing program is the primary operating fund of the Authority. It provides subsidized housing to low-income residents. The Authority is the owner of approximately 361 public housing units located throughout the City. The Authority receives revenue from dwelling rental income and an operating subsidy provided by HUD. “Capital Fund Grants,” provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments. The low rent program is reported as an enterprise fund.

Housing Choice Voucher Program – The Authority participates in the housing choice voucher program. This program is designed to provide privately owned decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the programs, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The housing choice voucher program is also reported as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. ORGANIZATION AND PROGRAM DESCRIPTION (continued)

Hope VI Program (Hope VI) – The Hope VI Program were grants obtained from HUD to demolish and revitalize developments through the use of a mixture of subsidize and mixed income housing units.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these criteria, the Authority is considered to be a *primary government*. It is a special-purpose government that has a separate governing body, is legally separate and is fiscally independent of other state or local governments. The Authority is not a component unit of Muncie, Indiana as the Board independently oversees the Authority's operations.

These principles define the reporting entity of the primary government, as well as its component units. Component units are separate legal organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit provides a financial benefit or impose a financial burden on the primary government. There is one component unit of the Authority. The accompanying financial data present the financial statement of the Authority.

The reporting entity for the Authority includes all the funds of the Authority as the primary government.

Blended Component Unit – Assisted Housing Development Corporation (AHDC) is an Indiana not-for-profit corporation, whose mission is to develop, sell, own, and manage affordable housing for families and individuals. The organization primarily provides services in the Muncie, Indiana area. The Authority has financial accountability and appoints members to the organization's board.

Complete financial statements of the organization may be obtained directly from their office at 409 East First Street, Muncie, Indiana 47302.

The basis criterion for including a legally separate organization as a component unit is established by Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
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1. ORGANIZATION AND PROGRAM DESCRIPTION (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

In accordance with uniform financial reporting standards for HUD programs, the financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Based on criteria established by HUD, the Authority reports its operations under the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues are recorded when they are earned and expenses are recorded at the time liabilities are incurred.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

Management's 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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are segregated resources for tenant security deposits and other HUD mandated restrictions.

Accounts Receivable – Include amounts due from HUD for current year program operating and housing assistance subsidies earned but not received at year-end and tenant accounts receivables. These receivables may also contain un-reimbursed capital costs.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. ORGANIZATION AND PROGRAM DESCRIPTION (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Inventories – Inventories are stated at the lower of cost or market.

Prepaid Expenditures – Payments made to vendors for services that will benefit periods beyond the fiscal year end, are recorded as prepaid items.

Capital Assets – The Authority capitalizes capital assets with a cost of more than \$500 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Capital assets are stated at cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Capital assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

Building	40 years
Office Furniture and Equipment	5 years
Automobiles	5 years

Notes Receivables– Notes receivables primarily consist of amounts due from developers of mixed income properties. All note receivable balances are reviewed to determine whether they are collectible. Allowance account estimates are established for receivable amounts when collection is questionable.

Compensated Absences – The Authority allows full-time, regular employees to accumulate the following compensated absences:

- a. Vacation leave is accrued per pay period, up to a maximum accrual of 240 hours. Vacation is fully vested as earned. Unused vacation leave is paid out upon termination.
- b. Sick/personal pay is granted up to a maximum accrual of 80 hours. No payout provision exists for accumulates sick/personal pay; therefore, no liability is recorded.

Pensions - In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Statement 71 relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. ORGANIZATION AND PROGRAM DESCRIPTION (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Net Position – The difference between assets and liabilities is the net position. Net position is subdivided into the following three categories:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – The component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal or state program.

Unrestricted – The difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or the net position restricted for federal and state programs.

Income Taxes - The Authority is organized as a government and is exempt from taxation by the U.S. Internal Revenue Code. The Assisted Housing Development Corporation is organized under the laws of the State of Indiana and exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state income tax under the provisions of the State of Indiana Code. Accordingly, the accompanying financial statements do not include any provisions for income taxes.

Concentration of Risk - During the year ended March 31, 2017, the Authority received approximately 90 percent of its funding from HUD.

C. Accounting Standards Issued Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations* is effective for periods beginning after June 15, 2018 with earlier application encouraged. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for the recognition and measurement of certain Asset Retirement Obligations. The Authority has no such obligations, and therefore the Statement will have no impact on the financial statements.

GASB Statement No. 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2018 with earlier application encouraged. This Statement will establish specific criteria for identifying activities that should be reported as fiduciary activities and clarify whether and how business-type activities should report their fiduciary activities. As the Authority currently does

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. ORGANIZATION AND PROGRAM DESCRIPTION (continued)

C. Accounting Standards Issued Not Yet Adopted (continued)

not undertake the activities defined in this Statement, there will be no material effect on the financial statements.

GASB Statement No. 85, *Omnibus 2017* is effective for periods beginning after June 15, 2017 with earlier application encouraged. This Statement addresses practice issues that have been identified during the implementation and application of certain GASB statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Authority will evaluate this standard and determine to what extent it will have an impact on the financial statements.

2. BUDGET INFORMATION

The Authority is required by contractual agreements to adopt annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. Multiyear appropriations for capital projects and special revenue funds are adopted for the length of the project and/or program and are annualized for accounting purposes. Budgets are submitted by the Authority's Executive Director, and approved by resolutions of the Board of Commissioners

Low Rent Housing Program operating budgets are prepared for the upcoming year by the end of the current fiscal year and are approved by the Authority's Board of Commissioners and HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through period budgeting and reporting requirements.

Housing Choice Voucher Program operating budgets is prepared for the upcoming fiscal year 90 days before the end of the current fiscal year and are approved by HUD. The Authority's Board of Commissioner approves operating expenditure budgets. Budgetary control is at the fund level (excess/deficiency) of revenues over expenditures

Budgets for the congregate housing programs are approved for the length of the individual program or grant. Appropriations are authorized at the fund and expenditure category level and effective budgetary control is at the fund level and achieved through the programs' or grants' periodic budgeting and reporting requirements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts maintained in commercial checking and saving accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name.

At March 31, 2017, cash totaled \$1,942,832, of which \$1,610,154 was unrestricted and \$332,678 was restricted. At March 31, 2016, cash totaled \$455,131, of which \$252,476 was unrestricted and \$202,655 was restricted. Below is a breakdown of the unrestricted and restricted cash at March 31, 2017 and 2016:

<u>Description</u>	<u>3/31/2017</u>	<u>3/31/2016</u>
Unrestricted cash	\$ 1,597,471	\$ 252,476
Restricted:		
Tenant security deposits	47,047	42,984
Section 8 HAP payments	271,278	83,913
FSS - escrow	14,353	63,532
Other restricted cash	<u>12,683</u>	<u>12,226</u>
Total restricted cash	<u>345,361</u>	<u>202,655</u>
 Total cash	 <u>\$ 1,942,832</u>	 <u>\$ 455,131</u>

The Authority has no policies related to credit risk, custodial credit risk, or interest rate risk.

4. ACCOUNTS RECEIVABLE

As of March 31, 2017 and 2016, accounts receivable totaled \$344,021 and \$151,951, respectively, and consisted of the following:

<u>Description</u>	<u>3/31/2017</u>	<u>3/31/2016</u>
Tenants, net allowance	\$ 35,205	\$ 25,655
Allowance for doubtful accounts	\$ (9,823)	\$ (10,347)
Accounts receivable - HUD	161,375	-
Accounts receivable - other	<u>157,264</u>	<u>136,643</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

4. ACCOUNTS RECEIVABLE (continued)

Ninety days after tenants move out, delinquent accounts are sent to the Board of Commissioners for write-off approval. The amount written-off is the tenants' past due rent, move-out charges and/or sewage fees deemed uncollectible. Amounts written-off during fiscal year 2017 and 2016 totaled \$95,636 and \$81,160, respectively.

5. PREPAID EXPENSES

Prepaid expenses totaled \$23,006 and \$20,736, respectively, at March 31, 2017 and 2016, which consisted of prepaid insurance and other expenses.

6. MATERIAL INVENTORIES

Material inventories totaled \$14,260 and \$15,113 at March 31, 2017 and 2016. Material inventories are stated at the lower of cost or market.

7. LAND, STRUCTURES AND EQUIPMENT

The changes in land, structures and equipment during 2017 and 2016 were as follows:

	Balance April 1, 2016	Additions	Transfers/ Disposals	Balance March 31, 2017
Land	\$ 1,530,793	\$ -	\$ -	\$ 1,530,793
Buildings	28,844,841	667,112	-	29,511,953
Furniture & Equipment	1,816,642	20,418	-	1,837,060
Construction in progress	713,318	476,581	-	1,189,899
	32,905,594	1,164,111	-	34,069,705
Less Accumulated Depreciation:	(18,712,847)	(1,218,106)	-	(19,930,953)
Total	\$ 14,192,747	\$ (53,995)	\$ -	\$ 14,138,752

	Balance April 1, 2015	Additions	Transfers/ Disposals	Balance March 31, 2016
Land	\$ 1,530,793	\$ -	\$ -	1,530,793
Buildings	28,061,206	578,414	205,221	28,844,841
Furniture & Equipment	1,816,642	-	-	1,816,642
Construction in progress	918,539	-	(205,221)	713,318
	32,327,180	578,414	-	32,905,594
Less Accumulated Depreciation:	(17,480,215)	(1,232,632)	-	(18,712,847)
Total	\$ 14,846,965	\$ (654,218)	\$ -	\$ 14,192,747

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

7. LAND, STRUCTURES AND EQUIPMENT (continued)

Changes in capital assets consist of purchases, depreciation and capital improvements made during the audit period. There were no disposal for the year.

Capital assets are recorded at cost. Depreciation is recorded over the useful lives of the assets using the straight-line method of depreciation. Depreciation expenses for 2017 and 2016 totaled \$1,218,106 and \$1,232,632, respectively.

8. NOTES RECEIVABLE

The Authority loans funds to developers in conjunction with mixed income financing arrangements to build new properties. The developer agrees to designate a specific number of units for public housing throughout the Muncie, Indiana area.

Notes receivable and accrued interest receivable at March 31, 2016 totaled \$4,862,442, and \$3,333,041, respectively. As of March 31, 2017, an allowance was created for the entire accrued interest receivable, and notes receivable at March 31, 2017 totaled \$4,862,442 and consisted of the following:

- a. On March 14, 2003, the Authority had loaned Millennium Place I, L.P. (an Indiana limited partnership) \$1,100,000 for 20 years at five and one-half percent (5.5%) per annum due March 13, 2023. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cashflow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income at March 31, 2016 totaled \$1,116,658. At March 31, 2017, an allowance was created for the entire deferred interest income amount.
- b. On March 22, 2005, the Authority had loaned Millennium Place II, L.P. (an Indiana limited partnership) \$1,070,061. The loan matures in 20 years. Interest is charged at six (6.0%) percent per annum and is due at maturity on March 14, 2025. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$971,586. At March 31, 2017, an allowance was created for the entire deferred interest income amount.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

8. NOTES RECEIVABLE (continued)

- c. On January 5, 2006, the Authority had provided Millennium Place III, L.P. (an Indiana limited partnership) two loans in the amount of \$800,000 and \$692,381. The loans mature in 40 years. Interest is charged at 5 (5.0%) percent and one (1.0%) percent per annum and both are due at maturity on January 5, 2046. The loans were secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$575,554. At March 31, 2017, an allowance was created for the entire deferred interest income amount.
- d. On December 6, 2006, the Authority had loaned Millennium Place IV, L.P. (an Indiana limited partnership) \$1,200,000. The loan matures in 40 years. Interest is charged at six (5.0%) percent per annum and is due at maturity on December 6, 2046. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$669,243.

At March 31, 2017, an allowance was created for the entire deferred interest income amount.

<u>As of 3/31/2017</u>	Notes Receivable	Accrued Interest	Allowance for Doubtful Accts	Net Receivable
Millennium Place I, L.P.	\$ 1,100,000	\$ 1,233,663	\$ (1,233,663)	1,100,000
Millennium Place II, L.P.	1,070,061	1,086,297	(1,086,297)	1,070,061
Millennium Place III, L.P.	1,492,381	666,089	(666,089)	1,492,381
Millennium Place IV, L.P.	<u>1,200,000</u>	<u>785,466</u>	<u>(785,466)</u>	<u>1,200,000</u>
Total	<u>\$ 4,862,442</u>	<u>\$ 3,771,515</u>	<u>\$ (3,771,515)</u>	<u>\$ 4,862,442</u>

<u>As of 3/31/2016</u>	Notes Receivable	Accrued Interest
Millennium Place I, L.P.	\$ 1,100,000	\$ 1,116,658
Millennium Place II, L.P.	1,070,061	971,586
Millennium Place III, L.P.	1,492,381	575,554
Millennium Place IV, L.P.	<u>1,200,000</u>	<u>669,243</u>
Total	<u>\$ 4,862,442</u>	<u>\$ 3,333,041</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

8. NOTES RECEIVABLE (continued)

Ground Lease - In March 2005, the Authority entered into a 99-year operating ground lease agreement with a developer to construct fifty-five (55) dwelling units on land owned by the Authority. The ground lease provides that the Authority shall receive \$1 per year for the entire term of the lease.

10. OTHER NONCURRENT LIABILITIES

Due to uncertainty of collection of interest earned on notes receivable as a result of provisions in the agreements that interest payments are contingent upon the existence of surplus cash, interest of \$3,359,671 earned on notes receivable was deferred as of March 31, 2016 and included in the financial statements as noncurrent liabilities. During fiscal year 2017, an allowance was established for the entire amount of accrued interest earned of \$3,771,516, thereby decreasing both other noncurrent liabilities and accrued interest receivable as reflected on the financial statements.

11. COMPENSATED ABSENCES

Compensated absences consist of the following at March 31, 2017 and March 31, 2016, respectively:

	Balance 4/1/2016	Additions	Reductions	Balance 3/31/2017	Due Within One Year
Compensated Absences	\$ 58,606	\$ 11,592	\$ (8,159)	62,039	38,006
	Balance 4/1/2015	Additions	Reductions	Balance 3/31/2016	Due Within One Year
Compensated Absences	97,020	19,190	(57,604)	58,606	38,922

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
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March 31, 2017

12. DEFINED BENEFIT PENSION PLAN

Plan Description and Benefits Provided

The Authority provides benefits for all of its full-time employees through the Public Employee's Retirement Fund (PERF) of Indiana, a cost-sharing multiple-employer pension plan administered by the State of Indiana Public Retirement System (IPRS). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees.

IPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.in.gov.

Contributions

PERF consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2, plus the interest/earnings or losses credited to the member's account. PERF acts as an agent for all participating governmental units. Employees become vested in PERF after 10 years of membership acquired through service in a governmental unit in Indiana that participates in PERF. The Authority has elected to contribute to eligible employee's annuity savings account (defined benefit plan). The required employee portion of 3% is paid into a defined contribution plan. The Authority has elected to contribute to eligible employee's annuity savings account (defined benefit plan). The required employee portion of 3% is paid into a defined contribution plan. The Authority also pays the employee portion. The portion that is contributed to the defined benefit plan belongs to the member and not the state or the Authority. The benefit payment obligation is transferred in total from the Authority to PERF on a quarterly basis.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

12. DEFINED BENEFIT PENSION PLAN (continued)

The Authority's contractually required contribution rate for the year ended June 30, 2016 was 11.2 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$60,549 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2017, the Authority reported a liability of \$513,752 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the

Authority's proportion was 0.01132 percent, which was a decrease of 0.00164 percent from its proportion measured as of June 30, 2015.

For the year ended March 31, 2017, the Authority recognized pension expense of \$84,093. At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,510	\$ 948
Changes in assumptions	22,667	-
Net difference between projected and actual earnings on pension plan investments	112,998	28,907
Changes in proportions and difference between Authority contributions and proportionate share of contributions	10,072	42,659
Authority contributions subsequent to the measurement date	44,518	-
	<u>\$ 201,765</u>	<u>\$ 72,514</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

12. DEFINED BENEFIT PENSION PLAN (continued)

\$44,518 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2017	\$ 74,204
2018	11,262
2019	30,111
2020	13,674
	\$ 129,251

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Future Salary Increases	2.5% - 4.25%
Cost-of-Living Increases	1.0% compounded annually on employer funded pension, beginning January 1, 2018.
Mortality Assumption	RP-2014 Mortality Total Data Set Mortality Table with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection shown in the Social Security Administration's 2014 Trustee report.
Experience Study	The most recent comprehensive experience study was completed in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study.
Discount Rate	The discount rate used to measure the total pension liability as of June 30, 2016, is 6.75 percent and is equal to the long-term expected return on plan investments, net of administrative expenses.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
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12. DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the net pension liability	<u>\$ 737,869</u>	<u>\$ 513,752</u>	<u>\$ 327,476</u>

12. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

Loan Commitments - The Authority has entered into financing agreements with 15 private developers to construct new mixed income properties. The Authority has agreed to provide loans to private developers to assist in the construction of new dwelling units, of which a specific number will be designated as public housing. The total loans outstanding as of March 31, 2017 and 2016 were \$4,862,442.

Other Contingencies - The Authority receives financial assistance from federal governmental agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority.

As a result of a review of the Authority's Housing Choice Voucher Program, HUD identified errors in the eligibility determination process and calculation of various program housing assistance payments and utility allowances. This resulted in a potential liability due to HUD of \$496,584. As of December 20, 2017, the Authority is negotiating with HUD as to the terms of any repayment agreement, but the issue has not yet been resolved. As such, no amounts have been accrued in the financial statements.

The Authority also has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse effect on the financial position of the Authority at March 31, 2017.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

12. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS (continued)

Concentration of Risk – For both the years ended March 31, 2017 and 2016, the Authority received approximately 90 percent of its funding from HUD.

13. PRIOR PERIOD ADJUSTMENT

The Net Position of the Authority as of April 1, 2016 has been restated for the correction of an error. In prior years, the Authority capitalized maintenance costs as fixed assets instead of correctly expensing those costs.

Net Position as of March 31, 2016	\$ 18,966,801
Adjustment to expense maintenance costs previously capitalized as fixed assets	<u>(65,713)</u>
Net Position as of April 1, 2016, as restated	<u>\$ 18,901,088</u>

14. RECLASSIFICATIONS

Certain reclassifications have been made in the 2016 financial statements to conform to classifications made in the current year.

15. SUBSEQUENT EVENTS

Management has performed an analysis of activities and transactions subsequent to March 31, 2017 and 2016, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the years ended March 31, 2017 and 2016. Management has performed their analysis through December 20, 2017, the date the financial statements were issued. The Authority has not evaluated events occurring after December 20, 2017 in these financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 3 Fiscal Years

	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Authority's proportion of the net pension liability (asset)	0.01132%	0.01296%	0.01276%
Authority's proportionate share of the net pension liability (asset)	\$ 513,752	\$ 527,848	\$ 335,325
Authority's covered-employee payroll	\$ 542,599	\$ 620,630	\$ 623,009
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.68%	85.05%	53.82%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.3%	84.3%

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information was presented for those years for which information is available.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
Last 3 Fiscal Years

	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	60,549	69,544	65,984
Contributions in relation to the contractually required contribution	<u>60,549</u>	<u>69,544</u>	<u>65,984</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 542,599	\$ 620,630	\$ 623,009
Contributions as a percentage of covered-employee payroll	11.16%	11.21%	10.59%

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information was presented for those years for which information is available.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2017

	Low-Rent Public Housing 14.850/14.872	Housing Choice Vouchers 14.871	Revitalization of Severely Distressed Public Housing 14.866	Blended Component Unit
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	\$ 1,485,102	\$ 112,369	\$ -	\$ -
Cash - Restricted- Modernization and Development	-	-	-	-
Cash - Other Restricted	-	285,631	-	-
Cash - Tenant Security Deposits	47,047	-	-	-
Cash - Restricted for Payment of Current Liabilities	12,683	-	-	-
Total Cash	1,544,832	398,000	-	-
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	15,916	-	-
Accounts Receivable - HUD Other Projects	161,375	-	-	-
Accounts Receivable- Other Government	-	-	-	-
Accounts Receivable - Miscellaneous	-	0	-	26,251
Accounts Receivable - Tenants	35,205	-	-	-
Allowance for Doubtful Accounts -Tenants	(9,823)	-	-	-
Allowance for Doubtful Accounts - Other	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	7,572	-	-
Allowance for Doubtful Accounts - Fraud	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	186,757	23,488	-	26,251
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	14,485	-	-	-
Inventories	14,260	-	-	-
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	0	-	-	-
Assets Held for Sale	-	-	-	-
TOTAL CURRENT ASSETS	1,760,334	421,488	-	26,251
NONCURRENT ASSETS:				
Capital Assets:				
Land	1,297,327	-	-	90,947
Buildings	20,933,889	-	6,572,617	1,173,944
Furniture, Equipment & Machinery - Dwellings	305,178	-	-	-
Furniture, Equipment & Machinery - Administration	168,945	35,653	180,196	-
Accumulated Depreciation	(15,381,526)	(31,570)	(2,700,575)	(105,165)
Construction in Progress	1,189,899	-	-	-
Infrastructure	-	-	-	-
Total Capital Assets, Net	8,513,712	4,083	4,052,238	1,159,726
Notes, Loans and Mortgages Receivable - Non-Current	-	-	3,762,442	-
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	-	-	0	-
Investments in Joint Ventures	-	-	-	-
TOTAL NONCURRENT ASSETS	8,513,712	4,083	7,814,680	1,159,726
DEFERRED OUTFLOW OF RESOURCES	96,413	36,669	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 10,370,459	\$ 462,240	\$ 7,814,680	\$ 1,185,977

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2017

	COCC	Subtotal	ELIM	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	\$ -	\$ 1,597,471	\$ -	\$ 1,597,471
Cash - Restricted- Modernization and Development	-	-	-	-
Cash - Other Restricted	-	285,631	-	285,631
Cash - Tenant Security Deposits	-	47,047	-	47,047
Cash - Restricted for Payment of Current Liabilities	-	12,683	-	12,683
Total Cash	-	1,942,832	-	1,942,832
Accounts and notes receivables:				
Accounts Receivable - PHA Projects	-	15,916	-	15,916
Accounts Receivable - HUD Other Projects	-	161,375	-	161,375
Accounts Receivable- Other Government	-	-	-	-
Accounts Receivable - Miscellaneous	107,525	133,776	-	133,776
Accounts Receivable - Tenants	-	35,205	-	35,205
Allowance for Doubtful Accounts -Tenants	-	(9,823)	-	(9,823)
Allowance for Doubtful Accounts - Other	-	-	-	-
Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
Fraud Recovery	-	7,572	-	7,572
Allowance for Doubtful Accounts - Fraud	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Total Receivables, Net	107,525	344,021	-	344,021
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Investments - Restricted	-	-	-	-
Investments- Restricted for Payment of Current Liability	-	-	-	-
Prepaid Expenses and Other Assets	8,521	23,006	-	23,006
Inventories	-	14,260	-	14,260
Allowance for Obsolete Inventories	-	-	-	-
Inter Program Due From	-	-	-	-
Assets Held for Sale	-	-	-	-
TOTAL CURRENT ASSETS	116,046	2,324,119	-	2,324,119
NONCURRENT ASSETS:				
Capital Assets:				
Land	142,519	1,530,793	-	1,530,793
Buildings	831,503	29,511,953	-	29,511,953
Furniture, Equipment & Machinery - Dwellings	-	305,178	-	305,178
Furniture, Equipment & Machinery - Administration	1,147,088	1,531,882	-	1,531,882
Accumulated Depreciation	(1,712,117)	(19,930,953)	-	(19,930,953)
Construction in Progress	-	1,189,899	-	1,189,899
Infrastructure	-	-	-	-
Total Capital Assets, Net	408,993	14,138,752	-	14,138,752
Notes, Loans and Mortgages Receivable - Non-Current	1,100,000	4,862,442	-	4,862,442
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
Grants Receivable- Non Current	-	-	-	-
Other Assets	0	-	-	-
Investments in Joint Ventures	-	-	-	-
TOTAL NONCURRENT ASSETS	1,508,993	19,001,194	-	19,001,194
DEFERRED OUTFLOW OF RESOURCES	68,683	201,765	-	201,765
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 1,693,722	\$ 21,527,078	\$ -	\$ 21,527,078

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2017

	Low-Rent Public Housing 14.850/14.872	Housing Choice Vouchers 14.871	Revitalization of Severely Distressed Public Housing 14.866	Blended Component Unit
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES:				
Bank Overdraft	\$ -	\$ -	\$ 11,673	\$ 260,297
Accounts Payable <= 90 Days	160,352	0	-	-
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	6,772	3,349	-	-
Accrued Compensated Absences - Current Portion	20,898	7,022	-	-
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	92,554	-	-	-
Tenant Security Deposits	47,047	-	-	-
Unearned Revenue	12,683	-	-	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	-	-	-	-
Accrued Liabilities - Other	-	-	-	-
Inter Program - Due To	-	-	0	0
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	340,306	10,371	11,673	260,297
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	-	14,353	0	-
Accrued Compensated Absences - Non Current	16,964	6,088	-	-
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	245,496	93,371	-	-
TOTAL NONCURRENT LIABILITIES	262,460	113,812	-	-
TOTAL LIABILITIES	602,766	124,183	11,673	260,297
DEFERRED INFLOW OF RESOURCES	34,651	13,179	-	-
NET POSITION :				
Net Investment in Capital Assets	8,513,712	4,083	4,052,238	1,159,726
Restricted Net Position	-	271,278	-	-
Unrestricted Net Position	1,219,330	49,517	3,750,769	(234,046)
TOTAL NET POSITION	9,733,042	324,878	7,803,007	925,680
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 10,370,459	\$ 462,240	\$ 7,814,680	\$ 1,185,977

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2017**

	COCC	Subtotal	ELIM	Total
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES:				
Bank Overdraft	\$ 928,585	\$ 1,200,555	\$ -	\$ 1,200,555
Accounts Payable <= 90 Days	701	161,053	-	161,053
Accounts Payable >90 Days Past Due	-	-	-	-
Accrued Wage/Payroll Taxes Payable	5,318	15,439	-	15,439
Accrued Compensated Absences - Current Portion	10,086	38,006	-	38,006
Accrued Contingency Liability	-	-	-	-
Accrued Interest Payable	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-
Account Payable - PHA Projects	-	-	-	-
Accounts Payable - Other Government	-	92,554	-	92,554
Tenant Security Deposits	-	47,047	-	47,047
Unearned Revenue	77,522	90,205	-	90,205
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-
Current Portion of Long Term Debt-Operating Borrowings	-	-	-	-
Other Current Liabilities	-	-	-	-
Accrued Liabilities - Other	0	-	-	-
Inter Program - Due To	0	-	-	-
Loan Liability - Current	-	-	-	-
TOTAL CURRENT LIABILITIES	1,022,212	1,644,859	-	1,644,859
NONCURRENT LIABILITIES:				
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-
Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
Non-current Liabilities - Other	50,454	64,807	-	64,807
Accrued Compensated Absences - Non Current	981	24,033	-	24,033
Loan Liability - Non Current	-	-	-	-
FASB 5 Liabilities	-	-	-	-
Accrued Pension and OPEB Liabilities	174,885	513,752	-	513,752
TOTAL NONCURRENT LIABILITIES	226,320	602,592	-	602,592
TOTAL LIABILITIES	1,248,532	2,247,451	-	2,247,451
DEFERRED INFLOW OF RESOURCES	24,684	72,514	-	72,514
NET POSITION :				
Net Investment in Capital Assets	408,993	14,138,752	-	14,138,752
Restricted Net Position	-	271,278	-	271,278
Unrestricted Net Position	11,513	4,797,083	-	4,797,083
TOTAL NET POSITION	420,506	19,207,113	-	19,207,113
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 1,693,722	\$ 21,527,078	\$ -	\$ 21,527,078

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
March 31, 2017

	Low-Rent Public Housing 14.850/14.872	Housing Choice Vouchers 14.871	Revitalization of Severely Distressed Public Housing 14.866	Blended Component Unit
REVENUES:				
Net Tenant Rental Revenue	\$ 529,788	\$ -	\$ -	\$ -
Tenant Revenue - Other	59,951	-	-	-
Total Tenant Revenue	589,739	-	-	-
HUD PHA Operating Grants	1,404,638	4,425,371	-	-
Capital Grants	1,215,667	-	-	-
Management Fee	-	-	-	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	-	-	-	-
Front Line Service Fee	-	-	-	-
Other Fees	-	-	-	-
Total Fees Revenue	-	-	-	-
Other Government Grants	-	-	-	-
Investment Income - Unrestricted	-	48	-	-
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	-	4,008	-	-
Other Revenue	30,913	75,307	-	45,000
Gain or Loss on Sale of Capital Assets	-	-	-	-
Investment Income - Restricted	-	-	-	-
TOTAL REVENUES	3,240,957	4,504,734	-	45,000
EXPENSES:				
Administrative				
Administrative Salaries	122,890	145,924	-	-
Auditing Fees	26,953	5,675	-	-
Management Fee	271,810	102,096	-	-
Book-keeping Fee	26,400	-	-	-
Advertising and Marketing	-	-	-	-
Employee Benefit contributions - Administrative	70,025	42,224	-	-
Office Expenses	29,555	32,839	-	-
Legal Expense	-	-	-	-
Travel Expense	1,468	1,843	-	-
Allocated Overhead	-	-	-	-
Other	36,501	8,226	-	5,837
Total Administrative Expense	585,602	338,827	-	5,837
Asset Management Fee	23,880	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	-	-	-	-
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	-	-	-	-
Total Tenant Services	-	-	-	-
Utilities				
Water	35,828	-	-	3,493
Electricity	84,468	-	-	33,121
Gas	28,319	-	-	20,932
Fuel	213,932	-	-	-
Labor	-	-	-	-
Sewer	-	-	-	5,268
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	362,547	-	-	62,814
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	167,398	-	-	-
Ordinary Maintenance and Operations - Materials and Other	93,981	-	-	384
Ordinary Maintenance and Operations Contracts	266,131	29,109	-	24,009
Employee Benefit Contributions - Ordinary Maintenance	71,629	-	-	-
Total Maintenance	599,139	29,109	-	24,393

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
March 31, 2017

	COCC	Subtotal	ELIM	Total
REVENUES:				
Net Tenant Rental Revenue	\$ -	\$ 529,788	\$ -	\$ 529,788
Tenant Revenue - Other	-	59,951	-	59,951
Total Tenant Revenue	-	589,739	-	589,739
HUD PHA Operating Grants	-	5,830,009	-	5,830,009
Capital Grants	-	1,215,667	-	1,215,667
Management Fee	373,906	373,906	(373,906)	-
Asset Management Fee	23,880	23,880	(23,880)	-
Book Keeping Fee	26,400	26,400	(26,400)	-
Front Line Service Fee	-	-	-	-
Other Fees	9,965	9,965	-	9,965
Total Fees Revenue	434,151	434,151	(424,186)	9,965
Other Government Grants	-	-	-	-
Investment Income - Unrestricted	-	48	-	48
Mortgage Interest Income	-	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-	-
Cost of Sale of Assets	-	-	-	-
Fraud Recovery	-	4,008	-	4,008
Other Revenue	44,724	195,944	(32,357)	163,587
Gain or Loss on Sale of Capital Assets	-	-	-	-
Investment Income - Restricted	138	138	-	138
TOTAL REVENUES	478,875	8,269,704	(456,543)	7,813,161
EXPENSES:				
Administrative				
Administrative Salaries	153,269	422,083	-	422,083
Auditing Fees	1,972	34,600	-	34,600
Management Fee	-	373,906	(373,906)	-
Book-keeping Fee	-	26,400	(26,400)	-
Advertising and Marketing	125	125	-	125
Employee Benefit contributions - Administrative	14,242	126,491	-	126,491
Office Expenses	57,551	119,945	-	119,945
Legal Expense	20,412	20,412	-	20,412
Travel Expense	13,374	16,685	-	16,685
Allocated Overhead	-	-	-	-
Other	57,412	107,976	(32,357)	75,619
Total Administrative Expense	318,357	1,248,623	(432,663)	815,960
Asset Management Fee	-	23,880	(23,880)	-
Tenant Services				
Tenant Services - Salaries	-	-	-	-
Relocation Costs	-	-	-	-
Employee Benefit Contributions - Tenant Services	-	-	-	-
Tenant Services - Other	-	-	-	-
Total Tenant Services	-	-	-	-
Utilities				
Water	1,734	41,055	-	41,055
Electricity	12,723	130,312	-	130,312
Gas	4,231	53,482	-	53,482
Fuel	-	213,932	-	213,932
Labor	-	-	-	-
Sewer	2,551	7,819	-	7,819
Employee Benefit Contributions - Utilities	-	-	-	-
Other Utilities Expense	-	-	-	-
Total Utilities	21,239	446,600	-	446,600
Ordinary Maintenance & Operations				
Ordinary Maintenance and Operations - Labor	-	167,398	-	167,398
Ordinary Maintenance and Operations - Materials and Other	2,905	97,270	-	97,270
Ordinary Maintenance and Operations Contracts	22,733	341,982	-	341,982
Employee Benefit Contributions - Ordinary Maintenance	-	71,629	-	71,629
Total Maintenance	25,638	678,279	-	678,279

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
March 31, 2017

	Low-Rent Public Housing 14.850/14.872	Housing Choice Vouchers 14.871	Revitalization of Severely Distressed Public Housing 14.866	Blended Component Unit
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-
Protective Services - Other	-	-	-	-
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	-	-	-	-
Insurance Premiums				
Property Insurance	32,649	-	-	-
Liability Insurance	21,092	-	-	-
Workmen's Compensation	7,836	5,387	-	-
All Other Insurance	11,214	-	-	-
Total insurance Premiums	72,791	5,387	-	-
General Expenses				
Other General Expenses	139,073	1,339	-	-
Compensated Absences	2,147	890	-	-
Payments in Lieu of Taxes	16,733	-	-	-
Bad debt - Tenant Rents	86,360	-	-	-
Bad debt - Other	-	-	-	2,000
Severance Expense	-	-	-	-
Total Other General Expenses	244,313	2,229	-	2,000
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	-	-	-
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	-	-	-	-
TOTAL OPERATING EXPENSES	1,888,272	375,552	-	95,044
EXCESS OPERATING REVENUE	1,352,685	4,129,182	-	(50,044)
Other Expenses				
Extraordinary Maintenance	-	-	-	-
Casualty Losses- Non-capitalized	20,662	-	-	-
Housing Assistance Payments	-	3,900,096	-	-
HAP Portability-In	-	24,508	-	-
Depreciation Expense	788,006	-	337,640	29,203
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	-	-	-	-
Total Other Expenses	808,668	3,924,604	337,640	29,203
TOTAL EXPENSES	2,696,940	4,300,156	337,640	124,247
EXCESS OF REVENUE OVER EXPENSES	544,017	204,578	(337,640)	(79,247)
Equity transfer	-	-	-	-
Prior period adjustment	(65,713)	-	-	-
Operating transfer in/out	-	-	-	(3,602)
Beginning Net Position	9,254,738	120,300	8,140,647	1,008,529
Ending Net Position	\$ 9,733,042	\$ 324,878	\$ 7,803,007	\$ 925,680

HOUSING AUTHORITY OF THE CITY OF MUNCIE
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
March 31, 2017

	COCC	Subtotal	ELIM	Total
EXPENSES (continued):				
Protective Services				
Protective Services- Labor	-	-	-	-
Protective Services - Other Contract Costs	14,400	14,400	-	14,400
Protective Services - Other	-	-	-	-
Employee Benefit Contributions- Protective Services	-	-	-	-
Total Protective Services	<u>14,400</u>	<u>14,400</u>	<u>-</u>	<u>14,400</u>
Insurance Premiums				
Property Insurance	24,631	57,280	-	57,280
Liability Insurance	1,492	22,584	-	22,584
Workmen's Compensation	11,398	24,621	-	24,621
All Other Insurance	2,293	13,507	-	13,507
Total insurance Premiums	<u>39,814</u>	<u>117,992</u>	<u>-</u>	<u>117,992</u>
General Expenses				
Other General Expenses	541	140,953	-	140,953
Compensated Absences	5,678	8,715	-	8,715
Payments in Lieu of Taxes	8,496	25,229	-	25,229
Bad debt - Tenant Rents	-	86,360	-	86,360
Bad debt - Other	7,276	9,276	-	9,276
Severance Expense	-	-	-	-
Total Other General Expenses	<u>21,991</u>	<u>270,533</u>	<u>-</u>	<u>270,533</u>
Financial Expenses				
Interest of Mortgage (or Bonds) Payable	-	-	-	-
Interest on Notes Payable (Short and Long Term)	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-
Total Financial Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>441,439</u>	<u>2,800,307</u>	<u>(456,543)</u>	<u>2,343,764</u>
EXCESS OPERATING REVENUE	<u>37,436</u>	<u>5,469,397</u>	<u>-</u>	<u>5,469,397</u>
Other Expenses				
Extraordinary Maintenance	-	-	-	-
Casualty Losses- Non-capitalized	-	20,662	-	20,662
Housing Assistance Payments	-	3,900,096	-	3,900,096
HAP Portability-In	-	24,508	-	24,508
Depreciation Expense	63,257	1,218,106	-	1,218,106
Fraud Losses	-	-	-	-
Capital Outlays- Governmental Funds	-	-	-	-
Debt Principal Payment- Governmental Funds	-	-	-	-
Dwelling Units Rent Expense	-	-	-	-
Total Other Expenses	<u>63,257</u>	<u>5,163,372</u>	<u>-</u>	<u>5,163,372</u>
TOTAL EXPENSES	<u>504,696</u>	<u>7,963,679</u>	<u>(456,543)</u>	<u>7,507,136</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(25,821)</u>	<u>306,025</u>	<u>-</u>	<u>306,025</u>
Equity transfer	-	-	-	-
Prior period adjustment	-	(65,713)	-	(65,713)
Operating transfer in/out	3,602	-	-	-
Beginning Net Position	<u>442,587</u>	<u>18,966,801</u>	<u>-</u>	<u>18,966,801</u>
Ending Net Position	<u>\$ 420,368</u>	<u>\$ 19,207,113</u>	<u>\$ -</u>	<u>\$ 19,207,113</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE
Muncie, Indiana
For the year ended March 31, 2017

Statement and Certification of Actual Capital Fund Program Costs

Grant Year IN36P00550113

1 The actual program costs of grant IN36P00550113 are as follows:

Funds Approved	\$	385,968
Funds Expended		385,968
Excess/(Deficiency) of Funds	\$	-
Funds Advanced	\$	385,968
Funds Expended		385,968
Excess/(Deficiency) of Funds Advanced	\$	-

- 2 There were no additions during the audit period.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.



**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 of the
Housing Authority of the City of Muncie
Muncie, Indiana

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 Muncie (the Authority) as of and for the year ended March 31, 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 December 20, 2017.

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 a 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.


Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2017-01, which we consider to be a significant deficiency.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned above the printed name and address.

Bethesda, Maryland
December 20, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners of the
Housing Authority of the City of Muncie
Muncie, Indiana

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Muncie (the Authority's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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* 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.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Muncie 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 March 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-02. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

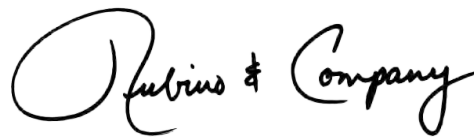
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 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. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-02 that we consider to be a material weakness.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
December 20, 2017

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended March 31, 2017**

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Department of Housing and Urban Development Programs		
Low Rent Public Housing	14.850	1,302,651
Capital Fund Program	14.872	1,317,654
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	<u>4,425,371</u>
Total Department of Housing and Urban Development Programs		<u>7,045,676</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 7,045,676</u></u>

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2017

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 Muncie (the “Authority”) under programs of the federal government for the year ended March 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles 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.

3. Indirect Cost Rate

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

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2017**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| 5. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major federal programs: | |

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>	
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	\$ 4,425,371
8. Dollar threshold used to distinguish between type A and type B programs:		\$ 750,000
9. Auditee qualified as low-risk auditee?		Yes

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-01

Significant Deficiency

Criteria: Generally Accepted Accounting Principles define the criteria for when costs related to capital assets should be capitalized or expensed as maintenance costs.

Condition: The Authority has had prior periods in both of the last two years. The prior period in the current year related to improper reporting related to the accounting treatment for certain maintenance costs. \$65,713 in maintenance costs were incorrectly capitalized.

Cause: The Authority incorrectly identified certain costs as capitalizable based on the criteria for hard and soft costs as specified by HUD and in accordance with generally accepted accounting principles.

Effect: This resulted in incorrect reporting in the prior year financial statements by misstating both the amount of capitalized assets, depreciation expense, and maintenance expense. This could result in misleading the readers of the financial statements as to the level of assets and expenses of the Authority.

Questioned Costs: None

Recommendation: We recommend that the Authority review the criteria for capitalization, including those from generally accepted accounting principles, additional HUD requirements, and specific grant requirements as part of the closing of each fiscal year.

Views of Responsible Officials: The prior period adjustments are a result of turnover within the Authority and inconsistent treatment of project costs with respect to capitalization. The Authority now utilizes a fee accountant and new management in place such that this is not expected to be an issue going forward.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2017**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-02

Cash Management – Material Weakness, Material Noncompliance

Federal Program: CFDA 14.872, Capital Fund Program

Criteria: Per 31 CFR section 205.12(b)(5), reimbursement requests of federal funding for expenses must be requested only after the costs have been paid.

Condition: The Authority requested CFP funding through eLOCCS of \$96,900 and only expensed \$19,378, resulting in \$77,522 in advance funding. These funds have not yet been spent because the project is still in progress as of the report date.

Cause: The Authority does not maintain a checklist for drawing CFP funding which would allow them to determine that funds costs have been incurred and paid before requesting reimbursement under the grant and allowing the drawdown of funds.

Effect: This violates federal cash management regulations and results in noncompliance. In addition, the drawdown of federal funds in advance of incurring the related expenses could impair the Authority's ability to properly record CFP activity and participate in future HUD programs, thereby impairing the Authority's ability to fund capital improvements.

Questioned Costs: \$77,522

Recommendation: We recommend that the Authority develop a checklist for each CFP draw, including listing the potential compliance requirements that could be impacted by the CFP draw.

Views of Responsible Officials: The Authority requested funding through ELOCCS for the incorrect project in error. There were multiple active projects and the incorrect draw was the result of an oversight. While these funds are not yet fully expended, they are expected to be as there have been no changes to the project budget.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2017

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2016-01

Eligibility - Other Matters

Condition:

During fiscal year 2016, the Authority did not maintain documentation to assure compliance with Housing Choice Voucher requirements.

Status:

During fiscal year 2017, we tested sixty (60) tenant files and did not find any systemic issues.

This finding is cleared.

HOUSING AUTHORITY OF THE CITY OF MUNCIE
CORRECTIVE ACTION PLAN
March 31, 2017

Corrective Action Plan:

The Authority requested funding through ELOCCS for the incorrect project in error. There were multiple active projects and the incorrect draw was the result of an oversight. While these funds are not yet fully expended, they are expected to be as there have been no changes to the project budget.