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July 18, 2019

Board of Commissioners
Housing Authority of the City of Huntingburg
1102 Friendship Village
Huntingburg, IN 47542

We have reviewed the audit report prepared by Goldie Roberts, CPA, for the period January 1, 2018 to December 31, 2018. 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 Huntingburg as of December 31, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG

AUDITED FINANCIAL STATEMENTS

Huntingburg, Indiana

December 31, 2018

Goldie Roberts

Certified Public Accountant

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

HOUSING AUTHORITY
OF THE CITY OF HUNTINGBURG

Huntingburg, Indiana
December 31, 2018

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the
City of Huntingburg
1102 Friendship Village
Huntingburg, Indiana

I have audited the accompanying financial statements of the Housing Authority of the City of Huntingburg ("the Authority") which comprise the Statement of Net Position as of December 31, 2018, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Huntingburg's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Huntingburg as of December 31, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 2, 2019 on my consideration of the Housing Authority of the City of Huntingburg's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Huntingburg's 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 Housing Authority of the City of Huntingburg's internal control over financial reporting and compliance.

Certified Public Accountant

Fredericksburg, Indiana
July 2, 2019

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2018

Management's Discussion and Analysis

As management of the Huntingburg Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Heidi Reller, Executive Director of the Huntingburg Housing Authority at 812-683-2513.

Overview of the Financial Statements

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

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

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

The attached analysis of entity wide Net Position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

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

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

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

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

Low Income Public Housing

The Housing Authority owns 50 units at 1 site in Huntingburg. The 50 units are separated into two areas, League Circle which is a family site with 20 units and Friendship Village which has 30 elderly units. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Condensed Comparative Financial Statements

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

Total Assets for FYE 2018 was \$1,138,544 and at FYE 2017 the amount was \$951,830. This represents a net increase of \$195,513, or 20.5%.

Cash increased by \$1,914. This was due to having a profit for the year.

Other Current Assets decreased by \$61,973. Other current assets decreased primarily as a result of a decrease in restricted cash.

Capital Assets increased by \$255,572. The change in Capital Assets will be presented in the section entitled Analysis of Capital Asset Activity.

Current Liabilities increased by \$226. This increase in current liabilities was due to an increase in tenant security deposits.

Non-Current Liabilities decreased by \$51,292. Non-Current liabilities decreased due to the payoff of a loan liability.

The table on the next page illustrates our analysis:

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2018

(Continued)

	<u>2018</u>	<u>2017</u>	<u>Net Change</u>	<u>Percent Variance</u>
Cash	\$ 297,534	\$ 295,620	\$ 1,914	0.6%
Other Current Assets	14,474	76,447	(61,973)	-81.1%
Capital Assets	823,403	567,831	255,572	45.0%
Deferred Outflows of Resources	3,133	11,932	(8,799)	-73.7%
Total Assets and Deferred Outflows of Resources	\$ 1,138,544	\$ 951,830	\$ 195,513	20.5%
Current Liabilities	\$ 35,852	\$ 36,078	\$ (226)	-0.6%
Non Current Liabilities	35,311	86,603	(51,292)	-59.2%
Deferred Inflows of Resources	5,456	2,411	3,045	126.3%
Total Liabilities and Deferred Inflows of Resources	76,619	125,092	(48,473)	-38.7%
Investment in Capital Assets	823,403	567,831	255,572	45.0%
Unrestricted Net Position	238,522	258,907	(20,385)	-7.9%
Total Liabilities and Net Position	\$ 1,138,544	\$ 951,830	\$ 235,187	24.7%

Analysis of Entity Wide Revenues (Statement of Activities)

Total Revenue for FYE 2018 was \$565,322 and for FYE 2017 the amount was \$556,453 for an increase of 8,869

Tenant Revenue increased by \$10,930 or 6%. Tenant revenue increased because of higher rents collected.

HUD Operating Grants increased by \$46,679 or by 57% due to an increase in Capital Funds received.

Other Income decreased by \$46,822 or 16%. Previous year included a grant from the Federal Home Loan Bank.

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>Net Change</u>	<u>Percentage Change</u>
Total Tenant Revenue	\$ 190,821	\$ 179,891	\$ 10,930	6%
HUD Operating Grants	128,744	82,065	46,679	57%
Other Income	245,757	292,579	(46,822)	-16%
Investment Income		1,918	(1,918)	-100%
Total Revenue	<u>\$ 565,322</u>	<u>\$ 556,453</u>	<u>\$ 8,869</u>	<u>2%</u>

Analysis of Entity Wide Expenditures

Total Expenditures for FYE 2018 were \$330,135 as compared to the \$320,449 of total expenditures for FYE 2017. Comparatively, FYE 2018 expenditures increased by \$9,686, or 3% from FYE 2017 expenditures. Changes by major expense category will be presented below.

Utilities expenses decreased by \$1,293, or 1.9%. Sewer expenses were less this year.

Maintenance expenditures decreased by \$10,663, or 16.5%. Maintenance costs decreased due to of decreases in contract costs for routine maintenance activities.

Extraordinary Maintenance increased by \$14,240 since there were no extraordinary maintenance items completed in FYE 2017.

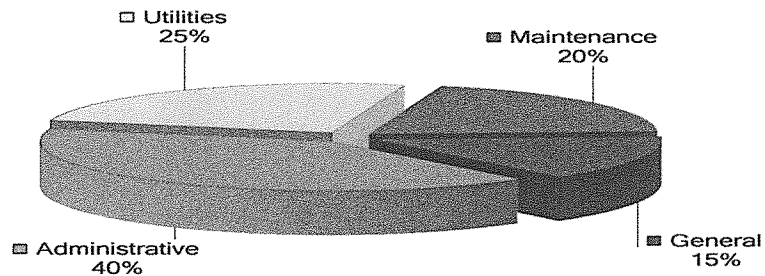
The table below illustrates our analysis:

2018	2017	Net Change	Percent Variances
\$107,119	\$107,134	-15	0.00%
2,705	497	2,208	444.3%
66,673	67,966	-1,293	-1.9%
53,999	64,662	-10,663	-16.5%
38,906	34,619	4,287	12.4%
<u>269,402</u>	<u>274,878</u>	<u>-5,476</u>	<u>-2.0%</u>
14,240	0	14,240	100.0%
46,493	45,571	922	2.0%
<u>\$330,135</u>	<u>\$320,449</u>	<u>9,686</u>	<u>3.0%</u>

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

Percentage of Total Expenses by Category



Analysis of Capital Asset Activity

Land, Buildings, Furniture, Equipment, & Machinery-Administration, and Infrastructure remained the same. The Authority made upgrades to dwelling equipment and administrative furniture

Construction in Process decreased by \$260,944 because the Authority fully capitalized construction in process during the fiscal year.

Accumulated Depreciation increased by \$46,493. This is the amount of depreciation expense recognized during the fiscal year.

	<u>2018</u>	<u>2017</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 14,750	\$ 14,750	\$ -	0.0%
Buildings	2,373,218	2,373,218	0	0.0%
Furniture, Equip., & Mach. - Dwelling	152,064	144,275	7,789	5.4%
Furniture, Equip., & Mach. - Administrative	205,218	194,697	10,521	5.4%
Leasehold Improvements	544,699	0	544,699	100.0%
Infrastructure	108,120	108,120	0	0.0%
Construction in Process	0	260,944	(260,944)	-100.0%
Total Capital Assets	3,398,069	3,096,004	302,065	9.8%
Accumulated Depreciation	2,574,666	2,528,173	46,493	1.8%
Net Capital Assets	\$ 823,403	\$ 567,831	\$ 255,572	45.0%

Reference Note F for further detail

HUNTINGBURG HOUSING AUTHORITY
Huntingburg, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

(Continued)

Budgetary Analysis
For the Year Ended December 31, 2018

Revenue:	Budget	Actual	Variance	% of variance
Tenant Revenue	\$ 162,000	\$ 190,821	\$ 28,821	17.79%
Federal Grants & Subsidy	117,500	128,744	11,244	9.57%
Investments	1,000	1,998	998	99.80%
Other Income	23,800	243,759	219,959	924.20%
Total Revenue	<u>304,300</u>	<u>565,322</u>	<u>261,022</u>	85.78%
Expenses:				
Administrative	100,150	92,246	(7,904)	-7.89%
Tenant Services	1,500	2,705	1,205	80.33%
Utilities	73,000	66,673	(6,327)	-8.67%
Routine Maintenance	65,260	49,185	(16,075)	-24.63%
General	63,460	58,593	(4,867)	-7.67%
Total Expenses	<u>303,370</u>	<u>269,402</u>	<u>(33,968)</u>	-11.20%
Increase (decrease) in Net Position	<u>\$ 930</u>	<u>\$ 295,920</u>	<u>\$ 227,054</u>	24414.41%

A budget is a working Tool used to plan & track the income versus expenses of a PHA for a fiscal year. The HHA prepares the original budget prior to the beginning of the fiscal year and this budget remains for the entire year. Budget amounts are based on a combination of Prior year experience and any items anticipated in the upcoming year.

Other income is more than what was budgeted this year due to Affordable Housing Program Funds from a Federal Home Loan Bank Grant that the Housing Authority received to offset construction costs for their project.

Maintenance costs are less than budget this year, due to reduced contract costs.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF NET POSITION

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 276,965
Restricted cash and cash equivalents	20,569
Accounts receivable, net	2,937
Prepaid insurance	2,391
Inventory	9,146
Total Current Assets	312,008

CAPITAL ASSETS

Land and other nondepreciable assets	14,750
Depreciable capital assets, net	808,653
Total Capital Assets	823,403

Total Assets 1,135,411

Deferred outflow of resources

Pension related	3,133
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Total Assets and Deferred Outflow of Resources 1,138,544

CURRENT LIABILITIES

Accounts payable	2,783
Accrued liabilities	18,071
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	11,592
Unearned revenue	3,406
Total Current Liabilities	35,852

NONCURRENT LIABILITIES

Compensated absences	3,379
Loan Liability	0
Net Pension Liability	31,932
Total Noncurrent Liabilities	35,311

Total Liabilities 71,163

Deferred inflow of resources

Pension related	5,456
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NET POSITION

Investment in capital assets	823,403
Unrestricted	238,522

TOTAL NET POSITION \$ 1,061,925

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES

Rental income	\$ 190,821
Other revenue	243,759
	<hr/>
TOTAL OPERATING REVENUES	434,580

OPERATING EXPENSES

Administrative	107,298
Tenant services	2,705
Utilities	66,673
Ordinary maintenance and operation	68,239
General expense	38,727
Depreciation expense	46,493
	<hr/>
TOTAL OPERATING EXPENSES	330,135

OPERATING INCOME (LOSS) 104,445

NONOPERATING REVENUES (EXPENSES)

Federal operating grants	128,744
Interest income	1,998
	<hr/>
TOTAL NONOPERATING REVENUES	130,742

CAPITAL CONTRIBUTIONS 0

CHANGE IN NET POSITION 235,187

NET POSITION, BEGINNING OF YEAR 826,738

NET POSITION, END OF YEAR \$ 1,061,925

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$	190,780
Payments to suppliers		(201,913)
Payments to/for employees		(84,416)
		119,892
Net Cash Flows Provided (Used) by Operating Activities		119,892

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		1,998
		1,998
Net Cash Provided by Investing Activities		1,998

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		0
Mortgages received		(10,453)
Capital assets purchased		(302,065)
		(312,518)
Net Cash Provided (Used) from Capital and Related Financing Activities		(312,518)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		128,744
		128,744
Net Cash Flows Provided by Noncapital Financing Activities		128,744

Net Increase (Decrease) in Cash and Cash Equivalents (61,884)

Cash - Beginning of year 359,418

Cash - End of year **\$ 297,534**

Reconciliation of Cash		
Unrestricted	\$	276,965
Restricted		20,569
	\$	297,534

Continued

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income (loss)	\$	104,445
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		46,493
(Increase) Decrease in:		
Accounts receivable		41
Prepaid expenses		12
Inventory		(1,878)
Increase (Decrease) in:		
Accounts payable		(1,301)
Accrued liabilities		(40,244)
Pension related		11,844
Unearned revenue		480
		<hr/>
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>119,892</u>

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization:

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

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

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

At December 31, 2017, the Housing Authority has 50 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	50

The Authority is also operating Capital Fund Grant Programs.

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

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

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

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

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

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

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

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

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

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

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

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2018.

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

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

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

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

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-40 years
Maintenance and office equipment	3-7 years

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2018, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

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

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

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

At December 31, 2018, the carrying amount of the Authority's deposits was \$307,735 and the bank balance was \$297,534. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

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

Deposits consist of the following:

Checking account	\$ 276,965
Money Market Account, Savings and Certificate of Deposit	<u>20,569</u>
Total	<u>\$ 297,534</u>

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2018, consist of the following:

Tenants, Net of allowance	\$ 321
Fraud Recovery	2,133
Accrued Receivable	<u>483</u>
Total	<u>\$ 2,937</u>

NOTE D - Prepaid Expense:

Prepaid expenses at December 31, 2018, consists of the following:

Prepaid insurance and other expenses	<u>\$ 2,391</u>
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NOTE E - Inventory:

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

Materials and supplies	<u>\$ 9,146</u>
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Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

	Beginning Balance 12/31/18	Increases	Decreases	Transfers	Ending Balance 12/31/18
Capital assets, not being depreciated:					
Land	\$ 14,750	\$ 0	\$ 0	\$ 0	\$ 14,750
Construction in Progress	<u>260,944</u>	<u> </u>	<u> </u>	<u>(260,944)</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>275,694</u>	<u>0</u>	<u>0</u>	<u>(260,944)</u>	<u>14,750</u>
Capital Assets, being depreciated:					
Buildings & Improvements	2,481,338	283,755	0	260,944	3,026,037
Furniture, Equipment & Machinery	<u>338,972</u>	<u>18,310</u>	<u>0</u>	<u>0</u>	<u>357,282</u>
Total Capital Assets, being depreciated	<u>2,820,310</u>	<u>302,065</u>	<u>0</u>	<u>260,944</u>	<u>3,383,319</u>

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F - Capital Assets:

Less Accumulated Depreciation for:					
Buildings & Improvements	(2,201,734)	(41,957)	0	0	(2,243,691)
Furniture, Equipment and Machinery	<u>(326,439)</u>	<u>(4,536)</u>	<u>0</u>	<u>0</u>	<u>(330,975)</u>
Total Accumulated Depreciation:	<u>(2,528,173)</u>	<u>(46,493)</u>	<u>0</u>	<u>0</u>	<u>(2,574,666)</u>
Total Capital Assets, being depreciated, net	<u>292,137</u>	<u>255,572</u>	<u>0</u>	<u>260,944</u>	<u>808,653</u>
Capital Assets, Net	<u>\$ 567,831</u>	<u>\$ 516,516</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 823,403</u>

Depreciation expense for the year ended December 31, 2018, was \$46,493.

NOTE G- Pension Plan:

Description of Pension Plan

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

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

Benefits Provided

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G- Pension Plan: (Continued)

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

The PERF Hybrid Plan also provides disability and survivor benefits.

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2017, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended June 30, 2018 was \$35,335. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

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

At December 31, 2018, the Authority's proportionate share was 0.00618%.

Net Pension Liability

At December 31, 2018, the Authority reported a liability of \$209,937. The proportionate share of the liability as of June 30, 2018 was \$209,937.

Actuarial Assumptions

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

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

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G- Pension Plan: (Continued)

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

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

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

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

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

Discount Rate

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G- Pension Plan: (Continued)

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

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

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$50,266	\$31,932	\$16,643

Pension Expense

For the year ended December 31, 2018, the Housing Authority recognized pension expense of \$6,788, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$418	\$2
Net differences between projected and actual investment earnings on pension plan investments	\$946	\$0
Change of assumptions	\$76	\$5,127
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$1,693	\$327
Total	\$3,133	\$5,456

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G- Pension Plan: (Continued)

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

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2019	\$1,964
2020	\$ (1,265)
2021	\$ (2,457)
2022	\$ (565)
2022	\$0
Thereafter	\$0
Total	\$ (2,323)

The information presented above has not been audited.

NOTE H - Accounts Payable:

Accounts payable at December 31, 2018, consist of the following:

Vendor Accounts Payable	<u>\$ 2,783</u>
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NOTE I - Accrued Liabilities:

Accrued liabilities at December 31, 2018, consist of the following:

Payment in lieu of taxes	\$ 10,521
Accrued Wages	1,340
Accrued compensated absences	375
Accrued Other	<u>5,835</u>
 Total	 <u>\$ 18,071</u>

NOTE J - Unearned Revenue:

Unearned revenue at December 31, 2018, consists of the following:

Prepaid Rent	\$ 1,521
Huntingburg Assistance Fund	<u>1,885</u>
 Total	 <u>\$ 3,406</u>

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

NOTE K - Noncurrent Liabilities:

Noncurrent liabilities at December 31, 2018, consist of the following:

	<u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>	<u>Due within one year</u>	<u>Total due</u>
Accrued compensated absences	\$ 3,218	\$ 161	\$ 0	\$ 3,379	\$ 375	\$ 3,754
Loan liability	41,000	0	41,000	0	0	0
Net pension liability	<u>42,385</u>	<u>0</u>	<u>10,453</u>	<u>31,932</u>	<u>0</u>	<u>31,932</u>
Total	<u>\$ 86,603</u>	<u>\$ 161</u>	<u>\$ 51,453</u>	<u>\$ 35,311</u>	<u>\$ 375</u>	<u>\$ 35,686</u>

On October 24, 2016, the Huntingburg Housing Authority (HHA) entered into a "Construction Loan Agreement" with Old National Bank. This loan was taken out in conjunction with the Affordable Housing Program (AHP) Grant from The Federal Home Loan Bank of Indianapolis (FHLBI) and was a contingency to receive grant funds of \$500,000.00. The loan was secured with an interest bearing (.05%) account for \$50,000.00 with housing authority funds.

HHA borrowed \$41,000.00 of the \$60,000.00, bearing a variable interest rate of 4.75%. Monthly payments were not required as the function of the loan was to help cover construction costs between periods in which funds could be drawn down from the AHP Grant, as only three disbursement requests could be made, according to FHLBI rules. This note was paid in full through direct deposit on April 4, 2018 for \$41,060.36. This line of credit is closed out and no longer available.

NOTE L - Federal Operating Grants:

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

Low Rent Public Housing	\$ 84,045
Capital Fund Program	<u>44,699</u>
Total	<u>\$ 128,744</u>

NOTE M - Commitments and Contingencies:

Litigation: At December 31, 2018, the Authority was not involved in any threatened litigation.

Examination: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, law and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2018.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

NOTE M - Commitments and Contingencies: (Continued)

be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: There is one major construction project in progress at December 31, 2018. The Authority spends capital funds on the rental units at the project sites. These expenditures are being funded by HUD. Funds are requested periodically as the cost is incurred.

NOTE N - Risk Management:

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

NOTE O - Economic Dependency:

The Authority receives approximately 50% of its operating revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE P - Conduit Type Debt:

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

NOTE Q - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through July 2, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Housing Authority of the City of Huntingburg proportion of the net pension liability	.0000079	.0000082	.0000095	.0000094
Housing Authority of the City of Huntingburg proportionate share of the net pension liability	\$ 32,176	\$ 37,215	\$ 42,385	\$ 31,932
Housing Authority of the City of Huntingburg covered employee payroll	\$ 37,894	\$ 39,985	\$ 46,957	\$ 48,188
Housing Authority of the City of Huntingburg proportionate share of the net pension liability as a percentage of it's covered employee payroll	.849105	.930724	.902634	.662654

Note: Additional years information will be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	2017	2018
Contractually required contribution			\$ 4,244	\$ 4,413	\$ 5,259	\$ 5,397
Contributions in relation to the contractually required contribution			<u>4,244</u>	<u>4,413</u>	<u>5,259</u>	<u>5,397</u>
Contribution deficiency (excess)			<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Housing Authority of the City of Huntingburg covered employee payroll			\$ 37,894	\$ 39,985	\$ 46,957	\$ 48,188
Contributions as a percentage of covered employee payroll			11.2%	11.0%	11.0%	11.0%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2018

	A C C		Total
	C-543	C-543	
	Low	Capital	
	Income	Fund	
	Public	Programs	
	Housing	Programs	Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 276,965	\$ 0	\$ 276,965
Restricted cash and cash equivalents	20,569	0	20,569
Accounts receivable, net	2,937	0	2,937
Prepaid insurance	2,391	0	2,391
Inventory	9,146	0	9,146
Total Current Assets	312,008	0	312,008
<u>CAPITAL ASSETS</u>			
Land and other nondepreciable assets	14,750	0	14,750
Depreciable capital assets, net	808,653	0	808,653
Total Capital Assets	823,403	0	823,403
Total Assets	1,135,411	0	1,135,411
<u>Deferred outflow of resources</u>			
Pension related	3,133	0	3,133
Total Assets and Deferred Outflow of Resources	1,138,544	0	1,138,544
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable	2,783	0	2,783
Accrued liabilities	18,071	0	18,071
Payable from restricted cash and cash equivalents:			
Tenant's security deposits	11,592	0	11,592
Unearned revenue	3,406	0	3,406
Total Current Liabilities	35,852	0	35,852
<u>NONCURRENT LIABILITIES</u>			
Compensated absences	3,379	0	3,379
Loan Liability	0	0	0
Net pension liability	31,932	0	31,932
Total Noncurrent Liabilities	35,311	0	35,311
Total Liabilities	71,163	0	71,163
<u>Deferred inflow of resources</u>			
Pension related	5,456	0	5,456
<u>NET POSITION</u>			
Investment in capital assets	823,403	0	823,403
Unrestricted	238,522	0	238,522
TOTAL NET POSITION	\$ 1,061,925	\$ 0	\$ 1,061,925

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	C-543 Low Income Public Housing	C-543 Capital Fund Programs	Total
<u>OPERATING REVENUES</u>			
Rental income	\$ 190,821	\$ 0	\$ 190,821
Other revenue	243,759	0	243,759
TOTAL OPERATING REVENUES	434,580	0	434,580
<u>OPERATING EXPENSES</u>			
Administrative	107,298	0	107,298
Tenant Services	2,705	0	2,705
Utilities	66,673	0	66,673
Ordinary maintenance and operation	68,239	0	68,239
General expense	38,727	0	38,727
Depreciation expense	46,493	0	46,493
TOTAL OPERATING EXPENSES	330,135	0	330,135
OPERATING INCOME (LOSS)	104,445	0	104,445
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	83,975	44,769	128,744
Interest income	1,998	0	1,998
TOTAL NONOPERATING REVENUES	85,973	44,769	130,742
CAPITAL CONTRIBUTIONS	0	0	0
CHANGE IN NET POSITION	190,418	44,769	235,187
NET POSITION, BEGINNING OF YEAR, as originally stated	826,738	0	826,738
Equity transfers	44,769	(44,769)	0
NET POSITION, BEGINNING OF YEAR, as restated	871,507	(44,769)	826,738
NET POSITION, END OF YEAR	\$ 1,061,925	\$ 0	\$ 1,061,925

Housing Authority of the City of Huntingburg (IN028)
HUNTINGBURG, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$276,965	\$276,965	\$276,965
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$8,977	\$8,977	\$8,977
114 Cash - Tenant Security Deposits	\$11,592	\$11,592	\$11,592
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$297,534	\$297,534	\$297,534
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$645	\$645	\$645
126.1 Allowance for Doubtful Accounts - Tenants	-\$324	-\$324	-\$324
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$2,133	\$2,133	\$2,133
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$483	\$483	\$483
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,937	\$2,937	\$2,937
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$2,391	\$2,391	\$2,391
143 Inventories	\$9,146	\$9,146	\$9,146
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$312,008	\$312,008	\$312,008
161 Land	\$14,750	\$14,750	\$14,750
162 Buildings	\$2,373,218	\$2,373,218	\$2,373,218
163 Furniture, Equipment & Machinery - Dwellings	\$152,064	\$152,064	\$152,064
164 Furniture, Equipment & Machinery - Administration	\$205,218	\$205,218	\$205,218
165 Leasehold Improvements	\$544,699	\$544,699	\$544,699
166 Accumulated Depreciation	-\$2,574,666	-\$2,574,666	-\$2,574,666
167 Construction in Progress	\$0	\$0	\$0
168 Infrastructure	\$108,120	\$108,120	\$108,120
160 Total Capital Assets, Net of Accumulated Depreciation	\$823,403	\$823,403	\$823,403
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$823,403	\$823,403	\$823,403
200 Deferred Outflow of Resources	\$3,133	\$3,133	\$3,133
290 Total Assets and Deferred Outflow of Resources	\$1,138,544	\$1,138,544	\$1,138,544
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$2,783	\$2,783	\$2,783
313 Accounts Payable >90 Days Past Due			

321	Accrued Wage/Payroll Taxes Payable	\$1,340	\$1,340	\$1,340
322	Accrued Compensated Absences - Current Portion	\$375	\$375	\$375
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$10,521	\$10,521	\$10,521
341	Tenant Security Deposits	\$11,592	\$11,592	\$11,592
342	Unearned Revenue	\$3,406	\$3,406	\$3,406
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$5,835	\$5,835	\$5,835
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$35,852	\$35,852	\$35,852
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current	\$3,379	\$3,379	\$3,379
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$31,932	\$31,932	\$31,932
350	Total Non-Current Liabilities	\$35,311	\$35,311	\$35,311
300	Total Liabilities	\$71,163	\$71,163	\$71,163
400	Deferred Inflow of Resources	\$5,456	\$5,456	\$5,456
508.4	Net Investment in Capital Assets	\$823,403	\$823,403	\$823,403
511.4	Restricted Net Position	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$238,522	\$238,522	\$238,522
513	Total Equity - Net Assets / Position	\$1,061,925	\$1,061,925	\$1,061,925
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,138,544	\$1,138,544	\$1,138,544

Housing Authority of the City of Huntingburg (IN028)
HUNTINGBURG, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$167,826	\$167,826	\$167,826
70400 Tenant Revenue - Other	\$22,995	\$22,995	\$22,995
70500 Total Tenant Revenue	\$190,821	\$190,821	\$190,821
70600 HUD PHA Operating Grants	\$128,744	\$128,744	\$128,744
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants	\$230,281	\$230,281	\$230,281
71100 Investment Income - Unrestricted	\$1,998	\$1,998	\$1,998
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$13,478	\$13,478	\$13,478
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$565,322	\$565,322	\$565,322
91100 Administrative Salaries	\$48,900	\$48,900	\$48,900
91200 Auditing Fees	\$5,000	\$5,000	\$5,000
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$14,873	\$14,873	\$14,873
91600 Office Expenses	\$7,150	\$7,150	\$7,150
91700 Legal Expense			
91800 Travel	\$671	\$671	\$671
91810 Allocated Overhead			
91900 Other	\$30,525	\$30,525	\$30,525
91000 Total Operating - Administrative	\$107,119	\$107,119	\$107,119
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$2,705	\$2,705	\$2,705
92500 Total Tenant Services	\$2,705	\$2,705	\$2,705
93100 Water	\$11,269	\$11,269	\$11,269
93200 Electricity	\$21,438	\$21,438	\$21,438
93300 Gas	\$12,681	\$12,681	\$12,681
93400 Fuel			
93500 Labor			
93600 Sewer	\$21,285	\$21,285	\$21,285
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$66,673	\$66,673	\$66,673

94100 Ordinary Maintenance and Operations - Labor	\$15,829	\$15,829	\$15,829
94200 Ordinary Maintenance and Operations - Materials and Other	\$12,501	\$12,501	\$12,501
94300 Ordinary Maintenance and Operations Contracts	\$20,855	\$20,855	\$20,855
94500 Employee Benefit Contributions - Ordinary Maintenance	\$4,814	\$4,814	\$4,814
94000 Total Maintenance	\$53,999	\$53,999	\$53,999
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance	\$25,579	\$25,579	\$25,579
96100 Total insurance Premiums	\$25,579	\$25,579	\$25,579
96200 Other General Expenses	\$1,402	\$1,402	\$1,402
96210 Compensated Absences	\$179	\$179	\$179
96300 Payments in Lieu of Taxes	\$10,521	\$10,521	\$10,521
96400 Bad debt - Tenant Rents	\$1,165	\$1,165	\$1,165
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$13,267	\$13,267	\$13,267
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)	\$60	\$60	\$60
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$60	\$60	\$60
96900 Total Operating Expenses	\$269,402	\$269,402	\$269,402
97000 Excess of Operating Revenue over Operating Expenses	\$295,920	\$295,920	\$295,920
97100 Extraordinary Maintenance	\$14,240	\$14,240	\$14,240
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$46,493	\$46,493	\$46,493
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$330,135	\$330,135	\$330,135
10010 Operating Transfer In	\$44,699	\$44,699	\$44,699
10020 Operating transfer Out	-\$44,699	-\$44,699	-\$44,699
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$235,187	\$235,187	\$235,187

11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$826,738	\$826,738	\$826,738
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050	Changes in Compensated Absence Balance			
11050	Changes in Contingent Liability Balance			
11070	Changes in Unrecognized Pension Transition Liability			
11080	Changes in Special Term/Severance Benefits Liability			
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100	Changes in Allowance for Doubtful Accounts - Other			
11170	Administrative Fee Equity			
11180	Housing Assistance Payments Equity			
11190	Unit Months Available	597	597	597
11210	Number of Unit Months Leased	579	579	579
11270	Excess Cash	\$233,192	\$233,192	\$233,192
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0
13510	CFFP Debt Service Payments	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Huntingburg
1102 Friendship Village
Huntingburg, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Huntingburg, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Huntingburg's basic financial statements and have issued my report thereon dated July 2, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Huntingburg's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

Certified Public Accountant

Fredericksburg, Indiana
July 2, 2019

HOUSING AUTHORITY OF THE CITY OF HUNTINGBURG
Huntingburg, Indiana

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT AUDIT FINDINGS

No matters were reported.