



STATE OF INDIANA
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July 18, 2019

Board of Commissioners
Michigan City Housing Authority
621 E. Michigan Blvd.
Michigan City, IN 46360

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Michigan City Housing Authority. We have reviewed the audit report prepared by Goldie Roberts, CPA, Independent Public Accountant, for the period October 1, 2016 to September 30, 2017. Per the *Independent Auditor's Report*, due to the omission of the notes to the financial statements for the period September 30, 2017, Goldie Roberts, CPA, was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We call your attention to the findings in the report on pages 24-26. Please see the Schedule of Findings and Questioned Costs as listed in the table of contents for complete details related to the findings. The Authority's planned corrective action immediately follows page 26.

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

Michigan City Housing Authority

Michigan City, Indiana

September 30, 2017

Goldie Roberts

Certified Public Accountant

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

MICHIGAN CITY
HOUSING AUTHORITY

Michigan City, Indiana
September 30, 2017

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Michigan City Housing Authority
621 E Michigan Blvd
Michigan City, IN 46360

Report on the Financial Statements

I was engaged to audit the accompanying financial statements, as listed in the table of contents, of the Housing Authority of the City of Michigan City, herein referred to as "the Authority", as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Authority management was unable to provide us with the notes to the financial statements. Presentation of such notes is required by accounting principles generally accepted in the United States of America and are considered an integral part of the basic financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of opinion section of our report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial position of the Michigan City Housing Authority as of September 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America, requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Report on Schedule of Expenditures of Federal Awards required by Uniform Guidance

I was engaged to audit the Supplemental Financial Information as listed in the Table of Contents. Because of the significance of the matters described in the Basis for Disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the supplemental financial information including the Schedule of Expenditures of Federal Awards of the Michigan City Housing Authority as of September 30, 2017, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2018 on my consideration of the Michigan City Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Michigan City Housing Authority 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 Michigan City Housing Authority's internal control over financial reporting and compliance.


Certified Public Accountant

Fredericksburg, Indiana
September 30, 2018

Management's Discussion and Analysis was not prepared

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,264,645
Restricted cash and cash equivalents	49,194
Accounts receivable, net	121,339
Prepaid expenses	42,627
Inventory	13,132
Total Current Assets	1,490,937

Noncurrent Assets

Other assets	79,700
Total Noncurrent Assets	79,700

Capital Assets

Land and other nondepreciable assets	639,156
Depreciable capital assets, net	3,167,933
Total Capital Assets	3,807,089

TOTAL ASSETS

5,377,726

LIABILITIES

Current liabilities

Accounts payable	121,274
Accrued liabilities	40,396
Current portion of long term debt	0
Payable from restricted cash and and cash equivalents:	
Tenants security deposits	49,194
Unearned revenue	67,671
Total Current Liabilities	278,535

Noncurrent Liabilities

Other noncurrent liabilities	92,592
Long term debt	0
Total Noncurrent Liabilities	92,592

Total Liabilities

371,127

NET POSITION

Investment in capital assets	3,807,089
Restricted	19,958
Unrestricted	1,179,552
Total Net Position	\$ 5,006,599

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

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

OPERATING REVENUES

Rental income	\$ 816,039
Other income	36,439
	<hr/>
TOTAL OPERATING REVENUE	852,478

OPERATING EXPENSES

Administrative	446,815
Tenant services	133
Utilities	336,978
Ordinary maintenance and operation	551,171
Protective Services	25,998
General expense	137,015
Housing assistance payments	1,801,743
Depreciation expense	250,056
	<hr/>
TOTAL OPERATING EXPENSES	3,549,909

OPERATING INCOME (LOSS)	<hr/> (2,697,431)
-------------------------	--------------------------

NONOPERATING REVENUES

Federal operating grants	2,363,900
Gain on sale of partnership	4,150
Interest expense	0
Interest income	1,892
	<hr/>
TOTAL NONOPERATING REVENUES	2,369,942

Net income before capital contributions	(327,489)
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CAPITAL CONTRIBUTIONS	<hr/> 43,683
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CHANGE IN NET POSITION	(283,806)
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TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	5,743,279
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Prior period adjustments	<hr/> (452,874)
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TOTAL NET POSITION - END OF YEAR, as restated	\$ 5,006,599
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The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 887,679
Payments to vendors	(754,206)
Payments to landlords	(1,801,743)
Payments to employees	(700,788)
Net Cash Used by Operating Activities	<u>(2,369,058)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	2,363,900
Net Cash From Noncapital Financing Activities	<u>2,363,900</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	43,683
Acquisition and construction of capital assets	(43,683)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>0</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Gain or loss on sale of capital assets	4,150
Interest income	1,892
Net Cash From Investing Activities	<u>6,042</u>

Net Increase (Decrease) in Cash and Cash Equivalents	884
Cash - Beginning of year	<u>1,312,955</u>
Cash - End of year	<u>\$ 1,313,839</u>

Reconciliation of Cash and Cash Equivalents:

Deposits in bank	\$ 1,264,645
Restricted cash	49,194
Total Cash and Cash Equivalents	<u>\$ 1,313,839</u>

Continued

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)

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

Operating income (loss)	\$ (2,697,431)
Adjustments to reconcile net operating income to net cash	
Provided by operating activities:	
Depreciation	250,056
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	24,681
Prepaid expenses	(12,545)
Inventory	889
Other assets	134,274
Increase (Decrease) in:	
Accounts payable	91,503
Accrued liabilities	(195,686)
Unearned revenue	35,201
Net Cash Flows Provided (Used)	
by Operating Activities	\$ <u>(2,369,058)</u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements were not prepared

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

SEPTEMBER 30, 2017

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income Public Housing	Capital Fund Programs	Resident Opportunity & Supp Services
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 173,128	\$ 0	\$ 9,144
Restricted Cash and cash equivalents	40,796	0	0
Accounts receivable, net	102,509	0	0
Interprogram due from	0	0	0
Prepaid expenses	34,685	0	0
Inventory	13,028	0	0
Total Current Assets	364,146	0	9,144
<u>Noncurrent Assets</u>			
Other Assets	0	0	0
Total Noncurrent Assets	0	0	0
<u>Capital Assets</u>			
Land and other nondepreciable assets	536,712	0	0
Depreciable capital assets, net	1,712,769	0	0
Total Capital Assets	2,249,481	0	0
TOTAL ASSETS	2,613,627	0	9,144
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	94,692	0	0
Accrued liabilities	36,222	0	0
Interprogram due to	346,171	0	0
Current portion of long term debt	0	0	0
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	40,796	0	0
Unearned revenue	55,177	0	9,144
Total Current liabilities	573,058	0	9,144
<u>Noncurrent Liabilities</u>			
Other noncurrent liabilities	76,011	0	0
Long term debt	0	0	0
Total Noncurrent Liabilities	76,011	0	0
Total Liabilities	649,069	0	9,144
<u>NET POSITION</u>			
Net investment in capital assets	2,249,481	0	0
Restricted	19,958	0	0
Unrestricted	(304,881)	0	0
Total Net Position	\$ 1,964,558	\$ 0	\$ 0

C - 2057				
Housing Choice Vouchers	Component Unit	Business Activities	Interfund Elimination	Total
\$ 83,198	\$ 323,880	\$ 675,295	\$ 0	\$ 1,264,645
0	8,398	0	0	49,194
13,249	2,071	3,510	0	121,339
0	0	346,171	(346,171)	0
3,520	4,422	0	0	42,627
0	104	0	0	13,132
<u>99,967</u>	<u>338,875</u>	<u>1,024,976</u>	<u>(346,171)</u>	<u>1,490,937</u>
0	79,700	0	0	79,700
<u>0</u>	<u>79,700</u>	<u>0</u>	<u>0</u>	<u>79,700</u>
0	48,810	53,634	0	639,156
2,197	717,764	735,203	0	3,167,933
<u>2,197</u>	<u>766,574</u>	<u>788,837</u>	<u>0</u>	<u>3,807,089</u>
<u>102,164</u>	<u>1,185,149</u>	<u>1,813,813</u>	<u>(346,171)</u>	<u>5,377,726</u>
7,987	242	18,353	0	121,274
2,949	806	419	0	40,396
0	0	0	(346,171)	0
0	0	0	0	0
0	8,398	0	0	49,194
0	878	2,472	0	67,671
<u>10,936</u>	<u>10,324</u>	<u>21,244</u>	<u>(346,171)</u>	<u>278,535</u>
13,526	1,833	1,222	0	92,592
0	0	0	0	0
<u>13,526</u>	<u>1,833</u>	<u>1,222</u>	<u>0</u>	<u>92,592</u>
<u>24,462</u>	<u>12,157</u>	<u>22,466</u>	<u>(346,171)</u>	<u>371,127</u>
2,197	766,574	788,837	0	3,807,089
0	0	0	0	19,958
75,505	406,418	1,002,510	0	1,179,552
<u>\$ 77,702</u>	<u>\$ 1,172,992</u>	<u>\$ 1,791,347</u>	<u>\$ 0</u>	<u>\$ 5,006,599</u>

HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY
Michigan City, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income Public Housing	Capital Fund Programs	Resident Opportunity Supp Service:
<u>OPERATING REVENUES</u>			
Rental income	\$ 518,016	\$ 0	\$ 0
Other income	5,316	0	0
TOTAL OPERATING REVENUE	523,332	0	0
<u>OPERATING EXPENSES</u>			
Administrative	291,603	0	0
Tenant services	133	0	0
Utilities	324,470	0	0
Ordinary maintenance and operation	496,679	0	0
Protective services	25,998	0	0
General expense	113,668	0	0
Housing assistance payments	0	0	0
Depreciation expense	185,227	0	0
TOTAL OPERATING EXPENSES	1,437,778	0	0
OPERATING INCOME (LOSS)	(914,446)	0	0
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	395,068	10,292	0
Gain on sale of capital assets	1,300	0	0
Interest expense	0	0	0
Interest income	28	0	0
TOTAL NONOPERATING REVENUES	396,396	10,292	0
Net income before capital contributions	(518,050)	10,292	0
Capital contributions	0	43,683	0
CHANGE IN NET POSITION	(518,050)	53,975	0
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	2,730,976	0	0
Operating transfers and prior period adjustments	(248,368)	(53,975)	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	2,482,608	(53,975)	0
TOTAL NET POSITION - END OF YEAR	\$ 1,964,558	\$ 0	\$ 0

C - 2057					
Housing					
& s	Choice Vouchers	Component Unit	Business Activities	Elimination	Total
\$	0	\$ 105,083	\$ 192,940	\$ 0	\$ 816,039
	29,422	271	1,430	0	36,439
	<u>29,422</u>	<u>105,354</u>	<u>194,370</u>	<u>0</u>	<u>852,478</u>
	149,028	3,058	3,126	0	446,815
	0	0	0	0	133
	0	10,536	1,972	0	336,978
	6,660	16,489	31,343	0	551,171
	0	0	0	0	25,998
	6,570	13,206	3,571	0	137,015
	1,801,743	0	0	0	1,801,743
	442	29,688	34,699	0	250,056
	<u>1,964,443</u>	<u>72,977</u>	<u>74,711</u>	<u>0</u>	<u>3,549,909</u>
	(1,935,021)	32,377	119,659	0	(2,697,431)
	1,958,540	0	0	0	2,363,900
	0	2,850	0	0	4,150
	0	0	0	0	0
	51	696	1,117	0	1,892
	<u>1,958,591</u>	<u>3,546</u>	<u>1,117</u>	<u>0</u>	<u>2,369,942</u>
	23,570	35,923	120,776	0	(327,489)
	0	0	0	0	43,683
	<u>23,570</u>	<u>35,923</u>	<u>120,776</u>	<u>0</u>	<u>(283,806)</u>
	54,132	1,287,600	1,670,571	0	5,743,279
	0	(150,531)	0	0	(452,874)
	<u>54,132</u>	<u>1,137,069</u>	<u>1,670,571</u>	<u>0</u>	<u>5,290,405</u>
\$	<u>77,702</u>	<u>\$ 1,172,992</u>	<u>\$ 1,791,347</u>	<u>\$ 0</u>	<u>\$ 5,006,599</u>

Housing Authority of the City of Michigan City (IN019)

MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$150,703	\$9,144	\$83,198	\$323,880	\$659,263	\$1,226,188		\$1,226,188
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$19,958					\$19,958		\$19,958
114 Cash - Tenant Security Deposits	\$40,796			\$8,398	\$16,032	\$65,226		\$65,226
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$211,457	\$9,144	\$83,198	\$332,278	\$675,295	\$1,311,372	\$0	\$1,311,372
121 Accounts Receivable - PHA Projects			\$12,065			\$12,065		\$12,065
122 Accounts Receivable - HUD Other Projects	\$78,932					\$78,932		\$78,932
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	\$1,007		\$1,184			\$2,191		\$2,191
126 Accounts Receivable - Tenants	\$72,829			\$3,948	\$7,367	\$84,144		\$84,144
126.1 Allowance for Doubtful Accounts -Tenants	-\$50,259			-\$1,877	-\$3,857	-\$55,993		-\$55,993
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery			\$31,441			\$31,441		\$31,441
128.1 Allowance for Doubtful Accounts - Fraud			-\$31,441			-\$31,441		-\$31,441
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$102,509	\$0	\$13,249	\$2,071	\$3,510	\$121,339	\$0	\$121,339
131 Investments - Unrestricted								
132 Investments - Restricted	\$2,467					\$2,467		\$2,467
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$34,685		\$3,520	\$4,422		\$42,627		\$42,627
143 Inventories	\$13,714			\$109		\$13,823		\$13,823
143.1 Allowance for Obsolete Inventories	-\$686			-\$5		-\$691		-\$691
144 Inter Program Due From					\$346,171	\$346,171	-\$346,171	\$0
145 Assets Held for Sale				\$79,700		\$79,700		\$79,700
150 Total Current Assets	\$364,146	\$9,144	\$99,967	\$418,575	\$1,024,976	\$1,916,808	-\$346,171	\$1,570,637
161 Land	\$361,083			\$48,810	\$53,634	\$463,527		\$463,527
162 Buildings	\$15,058,473		\$394	\$1,150,080	\$1,339,923	\$17,548,850		\$17,548,850
163 Furniture, Equipment & Machinery - Dwellings	\$181,169			\$1,764	\$4,895	\$187,828		\$187,828
164 Furniture, Equipment & Machinery - Administration	\$386,172		\$73,928	\$26,498	\$4,160	\$490,758		\$490,758

165 Leasehold Improvements	\$938,606			\$8,038	\$17,018	\$963,662		\$963,662
166 Accumulated Depreciation	-\$14,851,651		-\$72,125	-\$468,596	-\$630,793	-\$16,023,165		-\$16,023,165
167 Construction in Progress	\$175,629					\$175,629		\$175,629
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,249,481	\$0	\$2,197	\$766,574	\$788,837	\$3,807,089	\$0	\$3,807,089
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	\$2,249,481	\$0	\$2,197	\$766,574	\$788,837	\$3,807,089	\$0	\$3,807,089
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$2,613,627	\$9,144	\$102,164	\$1,185,149	\$1,813,813	\$5,723,897	-\$346,171	\$5,377,726
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$94,692		\$7,987	\$242	\$2,321	\$105,242		\$105,242
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$29,181		\$1,446	\$602	\$283	\$31,512		\$31,512
322 Accrued Compensated Absences - Current Portion	\$7,041		\$1,503	\$204	\$136	\$8,884		\$8,884
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government								
341 Tenant Security Deposits	\$40,796			\$8,398	\$16,032	\$65,226		\$65,226
342 Unearned Revenue	\$55,177	\$9,144		\$878	\$2,472	\$67,671		\$67,671
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
347 Inter Program - Due To	\$346,171					\$346,171	-\$346,171	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$573,058	\$9,144	\$10,936	\$10,324	\$21,244	\$624,706	-\$346,171	\$278,535
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	\$12,640					\$12,640		\$12,640
354 Accrued Compensated Absences - Non Current	\$63,371		\$13,526	\$1,833	\$1,222	\$79,952		\$79,952
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								

357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$76,011	\$0	\$13,526	\$1,833	\$1,222	\$92,592	\$0	\$92,592
300 Total Liabilities	\$649,069	\$9,144	\$24,462	\$12,157	\$22,466	\$717,298	-\$346,171	\$371,127
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$2,249,481		\$2,197	\$766,574	\$788,837	\$3,807,089		\$3,807,089
511.4 Restricted Net Position	\$19,958		\$0			\$19,958		\$19,958
512.4 Unrestricted Net Position	-\$304,881	\$0	\$75,505	\$406,418	\$1,002,510	\$1,179,552		\$1,179,552
513 Total Equity - Net Assets / Position	\$1,964,558	\$0	\$77,702	\$1,172,992	\$1,791,347	\$5,006,599	\$0	\$5,006,599
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,613,627	\$9,144	\$102,164	\$1,185,149	\$1,813,813	\$5,723,897	-\$346,171	\$5,377,726

Housing Authority of the City of Michigan City (IN019)
MICHIGAN CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$488,450			\$103,292	\$190,877	\$782,619		\$782,619
70400 Tenant Revenue - Other	\$29,566			\$1,791	\$2,063	\$33,420		\$33,420
70500 Total Tenant Revenue	\$518,016	\$0	\$0	\$105,083	\$192,940	\$816,039		\$816,039
70600 HUD PHA Operating Grants	\$405,360	\$12,168	\$1,958,540			\$2,376,068		\$2,376,068
70610 Capital Grants	\$43,683					\$43,683		\$43,683
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$18		\$51	\$696	\$1,117	\$1,882		\$1,882
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery			\$3,164			\$3,164		\$3,164
71500 Other Revenue	\$5,316		\$26,258	\$271	\$1,430	\$33,275		\$33,275
71600 Gain or Loss on Sale of Capital Assets	\$1,300			\$2,850		\$4,150		\$4,150
72000 Investment Income - Restricted	\$10					\$10		\$10
70000 Total Revenue	\$973,703	\$12,168	\$1,988,013	\$108,900	\$195,487	\$3,278,271		\$3,278,271
91100 Administrative Salaries	\$133,148		\$69,783			\$202,931		\$202,931
91200 Auditing Fees	\$4,767		\$1,275	\$927	\$1,501	\$8,470		\$8,470
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$178		\$26			\$204		\$204
91500 Employee Benefit contributions - Administrative	\$53,449		\$43,852			\$97,301		\$97,301
91600 Office Expenses	\$17,696		\$6,417			\$24,113		\$24,113
91700 Legal Expense	\$10,078		\$988	\$1,049		\$12,115		\$12,115
91800 Travel	\$1,371		\$181			\$1,552		\$1,552
91810 Allocated Overhead								
91900 Other	\$70,916		\$26,506	\$1,082	\$1,625	\$100,129		\$100,129
91000 Total Operating - Administrative	\$291,603	\$0	\$149,028	\$3,058	\$3,125	\$446,815		\$446,815

92000	Asset Management Fee							
92100	Tenant Services - Salaries		\$10,973				\$10,973	\$10,973
92200	Relocation Costs							
92300	Employee Benefit Contributions - Tenant Services		\$1,195				\$1,195	\$1,195
92400	Tenant Services - Other	\$133					\$133	\$133
92500	Total Tenant Services	\$133	\$12,168	\$0	\$0	\$0	\$12,301	\$12,301
93100	Water	\$52,717			\$1,318	\$962	\$54,997	\$54,997
93200	Electricity	\$122,328			\$4,284	\$119	\$126,731	\$126,731
93300	Gas	\$93,952			\$3,345	\$130	\$97,427	\$97,427
93400	Fuel							
93500	Labor							
93600	Sewer	\$55,473			\$1,589	\$761	\$57,823	\$57,823
93700	Employee Benefit Contributions - Utilities							
93800	Other Utilities Expense							
93000	Total Utilities	\$324,470	\$0	\$0	\$10,536	\$1,972	\$336,978	\$336,978
94100	Ordinary Maintenance and Operations - Labor	\$227,810			\$7,076	\$10,709	\$245,595	\$245,595
94200	Ordinary Maintenance and Operations - Materials and Other	\$58,640		\$6,660	\$2,938	\$7,699	\$75,937	\$75,937
94300	Ordinary Maintenance and Operations Contracts	\$60,699			\$4,317	\$8,370	\$73,386	\$73,386
94500	Employee Benefit Contributions - Ordinary Maintenance	\$148,238			\$2,158	\$4,565	\$154,961	\$154,961
94000	Total Maintenance	\$495,387	\$0	\$6,660	\$16,489	\$31,343	\$549,879	\$549,879
95100	Protective Services - Labor	\$22,088					\$22,088	\$22,088
95200	Protective Services - Other Contract Costs	\$1,163					\$1,163	\$1,163
95300	Protective Services - Other							
95500	Employee Benefit Contributions - Protective Services	\$2,747					\$2,747	\$2,747
95000	Total Protective Services	\$25,998	\$0	\$0	\$0	\$0	\$25,998	\$25,998
96110	Property Insurance	\$61,957					\$61,957	\$61,957
96120	Liability Insurance	\$1,262		\$2,895	\$705		\$4,863	\$4,863
96130	Workmen's Compensation				\$9,984		\$9,984	\$9,984
96140	All Other Insurance	\$6,665		\$426	\$640		\$7,731	\$7,731
96100	Total Insurance Premiums	\$69,884	\$0	\$3,322	\$11,329	\$0	\$84,535	\$84,535
96200	Other General Expenses	\$8,647		\$3,248			\$11,895	\$11,895
96210	Compensated Absences							
96300	Payments in Lieu of Taxes	\$144				\$48	\$192	\$192
96400	Bad debt - Tenant Rents	\$34,993			\$1,877	\$3,523	\$40,393	\$40,393
96500	Bad debt - Mortgages							
96600	Bad debt - Other							
96800	Severance Expense							
96000	Total Other General Expenses	\$43,784	\$0	\$3,248	\$1,877	\$3,571	\$52,480	\$52,480
96710	Interest of Mortgage (or Bonds) Payable							
96720	Interest on Notes Payable (Short and Long Term)							

96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$1,251,259	\$12,168	\$162,258	\$43,289	\$40,012	\$1,508,986		\$1,508,986
97000 Excess of Operating Revenue over Operating Expenses	-\$277,556	\$0	\$1,825,755	\$65,611	\$155,475	\$1,769,285		\$1,769,285
97100 Extraordinary Maintenance	\$1,292					\$1,292		\$1,292
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments			\$1,776,514			\$1,776,514		\$1,776,514
97350 HAP Portability-In			\$25,229			\$25,229		\$25,229
97400 Depreciation Expense	\$185,227		\$442	\$29,688	\$34,699	\$250,056		\$250,056
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$1,437,778	\$12,168	\$1,964,443	\$72,977	\$74,711	\$3,562,077		\$3,562,077
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$464,075	\$0	\$23,570	\$35,923	\$120,776	-\$283,806		-\$283,806
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,730,976	\$0	\$54,132	\$1,287,600	\$1,670,571	\$5,743,279		\$5,743,279
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity			\$83,685			\$83,685		\$83,685
11180 Housing Assistance Payments Equity			-\$5,983			-\$5,983		-\$5,983

11190 Unit Months Available	2244		3979	216	324	6763	6763
11210 Number of Unit Months Leased	2110		3992	207	318	6627	6627
11270 Excess Cash	-\$80,978					-\$80,978	-\$80,978
11610 Land Purchases	\$0					\$0	\$0
11620 Building Purchases	\$43,683					\$43,683	\$43,683
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

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE A - Financial Data Schedule:

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

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HUD</u>				
C-933	Low Income Public Housing	14.850	\$ 395,068	\$ 395,068
C-933	Resident Opportunity and Supportive Services	14.870	21,947	12,168
IN-019	Housing Voucher Cluster Housing Choice Vouchers	14.871	1,958,540	1,958,540
C-933	Capital Fund Grant Program	14.872	<u>429,517</u>	<u>53,975</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$2,805,072</u>	<u>\$2,419,751</u>

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Michigan City Housing Authority under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Michigan City Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flow of Michigan City Housing Authority.

Note 2 Summary of Significant Accounting Policies

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Michigan City Housing Authority
621 E Michigan Blvd
Michigan City, IN 46360

I was engaged to audit 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 Michigan City Housing Authority, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Michigan City Housing Authority's basic financial statements and have issued my report thereon dated September 30, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Michigan City Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Michigan City Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Michigan City Housing Authority's 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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that I consider to be significant deficiencies. The finding reference number is items 2017-001, 2017-002 and 2017-003.

Compliance and Other Matters

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

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs that I consider to be significant deficiencies. The finding reference number is items 2017-002 and 2017-003.

I noted certain matters that I reported to management of Michigan City Housing Authority in a separate letter dated September 30, 2018.

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
September 30, 2018

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Michigan City Housing Authority
621 E Michigan Blvd
Michigan City, IN 46360

Report on Compliance for Each Major Federal Program

I have audited the Michigan City Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Michigan City Housing Authority's major federal programs for the year ended September 30, 2017. The Michigan City Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Michigan City Housing Authority, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 cost as item 2017-001, 2017-002, 2017-003. My opinion on each major federal program is not modified with respect to these matters.

The Michigan City Housing Authority's response to the noncompliance findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Cost and/or Corrective Action Plan. The Michigan City Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items 2017-001, 2017-003 that I consider to be a material weakness.

The Michigan City Housing Authority's response to the internal control over compliance finding identified in my audit are described in the accompanying Schedule of Findings and Questioned Cost and/or Corrective Action Plan. The Michigan City Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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



Certified Public Accountant

Fredericksburg, Indiana
September 30, 2018

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

September 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

~ Material weakness(es) identified? X yes no
~ Significant deficiency(s) identified? X yes none reported
Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified? X yes no
~ Significant deficiency(s) identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Income Public Housing
14.871	Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? X yes no

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

September 30, 2017
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-001

SECTION 8 FILES

CURRENT

CONDITION: In a sample of 33 section 8 client files the following deficiencies were noted:

2 were missing signed 9886 forms
3 were missing passed inspections

CFDA#: 14.871

CRITERIA: Under 24 CFR 982.405 the Housing Authority is required to provide decent safe and sanitary housing. The evidence of this is a passed inspection. The housing authority is also required to verify all household income.

CAUSE: The Housing Authority did not have internal control procedures in place to insure the records were maintained and available for audit. The Housing Authority did not stop the HAP payments when the units did not pass inspection. When proper procedures are not in place to verify all income, the Housing Authority may be paying too much HAP.

EFFECT: The Housing Authority is making HAP payments on units that have failed inspections. The Housing Authority may be paying too much HAP if the income is not properly verified.

QUESTIONED COSTS: Approximately \$136,264. The amount was determined by multiplying the Housing Assistance Payments made on the units with missing inspections.

RECOMMENDATION: Functioning internal control procedures need to be put into place. The Authority should stop HAP payments when a unit does not pass inspection. The Authority should make sure that proper income verification procedures are documented.

VIEWS OF RESPONSIBLE OFFICIALS: The Michigan Housing Authority agrees with this finding the Housing Authority did not follow-up with Inspection on two separate occasions. The Housing Authority has contracted with Quality Home Inspection to complete yearly inspections for the Housing Authority owned property that currently uses Vouchers. The Inspector is also responsible for re-inspections when failed items are repaired. The Executive Director and Section 8 Housing Manager are responsible for overseeing the inspection are completed and corrected in a timely manner.

DISCUSSED WITH: Norma Thompson, Executive Director, May 13, 2018.

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

September 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2017-002

Internal Controls over Financial Statements

CURRENT

CONDITION: The Authority does not have procedures in place to review the financial statements and journal entries. There is not a designated individual that checks the financial statements or reviews the journal entries. The accounts receivable from residents are not reviewed for accuracy.

CFDA#: 14.850, 14.871

CRITERIA: HUD rules and regulations require the Housing Authority to review the financial statements and document that review.

CAUSE: The housing authority did not have internal control procedures in place to insure the financial statements were accurate.

EFFECT: There are large prior period adjustments. The resident accounts for tenant accounts receivable and security deposits do not agree to the REAC submission.

RECOMMENDATION: Functioning internal control procedures need to be put into place. The Authority should review the financial statements, journal entries and tenant accounts receivable records and document that review.

VIEWS OF RESPONSIBLE OFFICIALS: The Executive Director and Public Housing managers will review the books for Tenant Account Receivable (TAR's) each month and send out notices that the current balance on the book needs to be brought current. This is done on a monthly bases. The new fiscal year of 2019 Financial Assistant (Robin Fly), Accounts Payable (Rochelle Mitchell) and the Executive Director (Norma Thomas) have been working on an internal control policy to fit the housing Authority needs. The staff hope to have a policy for board approval for the December 2018 board meeting.

DISCUSSED WITH: Norma Thomas, Executive Director. May 13, 2018.

MICHIGAN CITY HOUSING AUTHORITY
Michigan City, Indiana

September 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2017-003

Audit Conducted Late

CURRENT

CONDITION: The Authority did not get the audit submitted by June 30, 2018.

CFDA#: 14.850, 14.871

CRITERIA: Uniform guidance Subpart F section 200.501 requires and audit to be submitted within 9 months of the fiscal year end.

CAUSE: The Housing Authority did not have internal control procedures in place to insure the financial statements were submitted.

EFFECT: The Housing Authority will be subject to additional scrutiny from HUD.

RECOMMENDATION: The Authority should procure qualified contractors to ensure that the audit is ready to be filed in a timely fashion.

VIEWS OF RESPONSIBLE OFFICIALS: The Michigan City Housing will contract with qualified contractors who can complete MD & A and footnotes on the financial statements for the Housing Authority for Audit year 2018 and submit to HUD by the June 30, 2019 Submission date.

DISCUSSED WITH: Norma Thomas, Executive Director. May 13, 2018.



Corrective Action Plan

Audit Finding 2017

Michigan City Housing Authority

621 E. Michigan Blvd.

Michigan City, IN 46360



2017-001

Section 8 Files

Current

Condition: In a sample of 33 Section 8 clients files the following deficiencies were noted:

2 files were missing signed 9886 forms
3 were missing passed inspections

CFDA#: 14.871

Corrective

Actions: The Michigan Housing Authority agrees with this finding the Housing Authority did not follow-up with Inspection on two separate occasion. The housing authority has contracted with Quality Home Inspection to complete yearly inspection for the housing authority owned property that currently uses Voucher. The Inspector is also responsible for re-inspections when failed items are repaired. The executive Director and Section 8 Housing Manager are responsible for overseeing the inspection are completed and corrected in a timely manner.

2017-002

Internal Control over Financial Statements

Current

Conditions: The Authority does not have a procedure in place to review the financial statements and journal entries. There is not a designated individual that checks the financial statements or review the journal entries. The accounts receivables from residents are not reviewed for accuracy.

CFDA#: 14.850, 14.871

Corrective

Actions: The Executive Director and Public Housing managers will review books Tenant Account Receivable (TAR's) each month and send out notices that the current balance on book needs to be brought current. This is done on a monthly bases. The new fiscal year of 2019

Financial Assistant (Robin Fly), Accounts Payable (Rochelle Mitchell) and the Executive Director (Norma Thomas) have been working on an internal control policy to fit the housing Authority needs. The staff hope to have a policy for board approval for the December 2018 board meeting.

2017-003

Audit Conducted Late

CFDA#: 14.850, 14.871

Current

Condition: The Michigan City Housing Authority agrees with the Auditor regarding internal control procedures in place to insure the financial statement were submitted and The MD&A and footnotes were not completed.

Corrective

Action: The Michigan City Housing will contract with qualified contractors who can complete MD & A and footnotes on the financial for the Housing Authority for Audit year 2018 and submit to HUD by the June 30, 2019 Submission date.