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July 18, 2019

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

We have reviewed the audit report of the Michigan City Housing Authority, which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period October 1, 2017 to September 30, 2018. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Michigan City Housing Authority, as of September 30, 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 MICHIGAN CITY

Michigan City, Indiana

September 30, 2018

*Goldie Roberts*

Certified Public Accountant

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

HOUSING AUTHORITY  
OF THE CITY OF  
MICHIGAN CITY

Michigan City, Indiana  
September 30, 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 Michigan City  
621 E Michigan Blvd  
Michigan City, IN 46360

### Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Michigan City ("the Authority") which comprise the Statement of Net Position as of September 30, 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 Michigan City'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 Michigan City as of September 30, 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 vii be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### Other Supplementary Information

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 14, 2019 on my consideration of the Housing Authority of the City of Michigan City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Michigan City's internal control over financial reporting and compliance.

*Goldie Roberts*

Certified Public Accountant

Fredericksburg, Indiana  
June 14, 2019

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

**Management's Discussion and Analysis  
September 30, 2018**

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

As management of the Housing Authority of the City of Michigan City, 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 September 30, 2018. Please read the MD&A's information here in conjunction with the Authority's financial statements.

**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.
- Comparison of budget vs. actual - reports the Authority's actual operating revenues and expenses versus the budgeted amounts.

Our analysis of the Authority of a whole begins on the next page with an analysis of entity-wide net position, revenues, and expenses. This analysis includes all assets and liabilities using the accrual basis of accounting.

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

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

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

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis  
September 30, 2018  
(Continued)

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

***Low Income Public Housing (LIPH)***

Michigan City Housing Authority owns 181 units in Michigan City. 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 know as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Fund 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 these Allowable Expenses and the amount of rents and other fees that the Authority can charge the Authority's residents.

***Section 8 Housing Choice Vouchers (HCV)***

HUD has contracted support with the Authority for 371 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to landlords for Low Income residents. The Housing Assistance Payment (HAP) matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the resident can pay based on HUD mandated calculations. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program but is responsible for inspecting the units annually.

***Capital Fund Program (CFP) Grant***

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

***Michigan City Housing Development, Inc. (MCHDI)***

The Michigan City Housing Development, Inc. owns 18 units. The Authority is responsible for the management, maintenance, and utilities for all units. The purpose of MCHDI is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income.

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2018

(Continued)

Condensed Comparative Financial Statements

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

**Total Assets** for FYE 09/30/18 were \$5,254,433 and at FYE 09/30/17 they were \$5,377,726. This represents a net decrease of \$123,293.

**Current Assets** increased by \$59,498. Cash and Accounts Receivable increased due to lower expenses and higher other revenues.

**Capital Assets** decreased by \$182,791. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** decreased by \$71,536. The change in current liabilities was due to a decrease in accounts payable.

**Noncurrent Liabilities** decreased by \$45,755 due to a decrease in compensated absences.

The table below illustrated our analysis:

	09/30/2018	09/30/2017	Net Change
Current Assets	\$1,630,135	\$ 1,570,637	\$ 59,498
Capital Assets, Net	<u>3,624,298</u>	<u>3,807,089</u>	<u>(182,791)</u>
<b>Total Assets</b>	<u>\$ 5,254,433</u>	<u>\$ 5,377,726</u>	<u>\$ (123,293)</u>
Current Liabilities	\$ 206,999	\$ 278,535	\$ (71,536)
Noncurrent Liabilities	<u>46,837</u>	<u>92,592</u>	<u>(45,755)</u>
<b>Total Liabilities</b>	<u>\$ 253,836</u>	<u>\$ 371,127</u>	<u>\$ (117,291)</u>
Unrestricted	\$1,352,742	\$ 1,179,552	\$ 173,190
Restricted	23,557	19,958	3,599
Investment in Capital Assets	<u>3,624,298</u>	<u>3,807,089</u>	<u>(182,791)</u>
<b>Total Net Position</b>	<u>\$ 5,000,597</u>	<u>\$ 5,006,599</u>	<u>\$ (6,002)</u>

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2018

(Continued)

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

The Authority administers the following programs and the revenues generated from these programs during the fiscal year ending 09/30/2018 were as follows:

Program	Revenues Generated
Low Income Public Housing	\$ 982,795
Section 8 HCV	\$ 2,036,150
Capital Fund Program	\$ 8,525
Component Units	\$ 94,703
Business Activities	\$ 355,303

Total revenues for FYE 09/30/2018 were \$3,492,335 as compared to the total revenues for FYE 09/30/2017 of \$3,278,271. Comparatively, FYE 09/30/2018 revenues increased from FYE 09/30/2017 revenues by \$214,064.

	09/30/2018	09/30/2017	Net Change
Total Tenant Revenue	\$ 800,687	\$ 816,039	\$ (15,352)
HUD Operating Grants	2,456,192	2,376,068	80,124
Capital Grants	8,525	43,683	(35,158)
Investment Income	5,605	1,892	3,713
Other Revenue	<u>221,326</u>	<u>40,589</u>	<u>180,737</u>
Total Revenue	<u>\$3,492,335</u>	<u>\$3,287,271</u>	<u>\$ 214,064</u>

***Analysis of Entity Wide Expenditures***

Total Expenditures for FYE 09/30/2018 were \$3,498,337, as compared to \$3,562,077 total expenditures for FYE 09/30/2017. Comparatively, FYE 09/30/2018 expenditures decreased from FYE 09/30/2017 expenditures by \$63,740. Changes to major expense categories will be presented below.

**Administrative** expenditures increased by \$10,162. The major cause for this increase was an increase in salaries.

**Tenant Services** expenditures decrease by \$12,158 due to a decrease in salaries.

**Utilities** increased by \$22,187. Electricity increased by \$29,030, other utilities expense increased by \$8,073, water decreased by \$7,647, and gas decreased by \$7,269.

**Maintenance** expenditures decreased by \$116,899. The major cause for this decrease was a decrease in salaries and benefits.

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis  
September 30, 2018  
(Continued)

**General Expenses** increased by \$14,798. The major cause was an increase in insurance premiums.

**Housing Assistance Payments** increased by \$53,811.

The table below illustrates our analysis:

	09/30/2018	09/30/2017	Net Change
Administrative	\$ 456,977	\$ 446,815	\$ 10,162
Tenant Services	143	12,301	(12,158)
Utilities	359,165	336,978	22,187
Maintenance	434,272	551,171	(116,899)
General Expense	176,766	163,013	13,753
Housing Assistance Payments	1,855,554	1,801,743	53,811
Depreciation Expense	<u>215,460</u>	<u>250,056</u>	<u>(34,596)</u>
Total Expenses	<u>\$ 3,498,337</u>	<u>\$ 3,562,077</u>	<u>\$ (63,740)</u>

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing (LIPH) is adopted on the basis of accounting prescribed the Department of Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for Section 8 Programs are approved by the Department of Housing and Urban Development.

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

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2018

(Continued)

Housing Authority LIPH Budgetary Highlights

	Budget	Actual	Variance
Tenant Revenues	\$ 401,139	\$ 520,062	\$ 118,923
HUD Operating Grants	745,326	452,602	(292,724)
Investment Income	598	183	(415)
Other Revenue	4,120	18,473	14,353
<b>Total Revenue</b>	<b><u>\$1,151,183</u></b>	<b><u>\$ 991,320</u></b>	<b><u>\$ (159,863)</u></b>
Administrative	\$ 237,014	\$ 304,161	\$ 67,147
Tenant Services	6,000	143	(5,857)
Utilities	368,574	339,327	(29,247)
Maintenance	311,761	359,423	47,662
General Expense	228,349	135,037	(93,312)
Extraordinary Maintenance	9,180	5,463	(3,717)
Depreciation Expense	0	151,142	151,142
<b>Total Expenses</b>	<b><u>\$1,160,878</u></b>	<b><u>\$1,294,696</u></b>	<b><u>\$133,818</u></b>
<b>Net Income/(Loss)</b>	<b><u>\$ (9,695)</u></b>	<b><u>\$ (303,376)</u></b>	<b><u>\$ (293,681)</u></b>

Analysis of Capital Asset Activity

**Buildings & Leasehold Improvements** increased by \$19,570 for roof replacement.

**Furniture, Equipment & Machinery - Dwelling** increased by \$0.

**Furniture, Equipment & Machinery - Administration** increased by \$4,575 for office equipment.

**Construction in Progress** increased by \$8,525 for increase in fixed assets from open Capital Grants.

**Accumulated Depreciation** increased by \$215,460. This is the amount of current year depreciation.

	09/30/2018	09/30/2017	Net Change
Land	\$ 463,526	\$ 463,527	\$ (1)
Buildings	18,532,082	18,512,512	19,570
Furniture/Equip./Machinery-Dwell	187,828	187,828	0
Furniture/Equip./Machinery-Admin	495,333	490,758	4,575
Construction in Progress	184,154	175,629	8,525
Total Capital Assets	<u>\$ 19,862,923</u>	<u>\$ 19,830,254</u>	<u>\$ 32,699</u>
Accumulated Depreciation	<u>(16,238,625)</u>	<u>(16,023,165)</u>	<u>(215,460)</u>
Net Capital Assets	<u>\$ 3,624,298</u>	<u>\$ 3,807,089</u>	<u>\$ (182,791)</u>

Reference Note G for further detail

Housing Authority of the City of Michigan City  
Michigan City, Indiana

Management's Discussion and Analysis

September 30, 2018

(Continued)

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Michigan City, 621 E. Michigan Blvd., Michigan City, Indiana 46360.

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,348,857
Restricted cash and cash equivalents	53,498
Accounts receivable, net	185,964
Prepaid expenses	28,426
Inventory	13,390
<b>Total Current Assets</b>	<b>1,630,135</b>

Capital Assets

Land and other nondepreciable assets	647,680
Depreciable capital assets, net	2,976,618
<b>Total Capital Assets</b>	<b>3,624,298</b>

**TOTAL ASSETS**

**5,254,433**

LIABILITIES

Current liabilities

Accounts payable	58,934
Accrued liabilities	30,473
Payable from restricted cash and and cash equivalents:	
Tenants security deposits	51,365
Unearned revenue	66,227
<b>Total Current Liabilities</b>	<b>206,999</b>

Noncurrent Liabilities

Other noncurrent liabilities	46,837
<b>Total Noncurrent Liabilities</b>	<b>46,837</b>

**Total Liabilities**

**253,836**

NET POSITION

Investment in capital assets	3,624,298
Restricted	23,557
Unrestricted	1,352,742
<b>Total Net Position</b>	<b>\$ 5,000,597</b>

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, 2018

OPERATING REVENUES

Rental income	\$ 800,687
Other income	211,831
	<hr/>
<b>TOTAL OPERATING REVENUE</b>	<b>1,012,518</b>

OPERATING EXPENSES

Administrative	456,977
Tenant services	143
Utilities	359,165
Ordinary maintenance and operation	434,272
Protective Services	24,953
General expense	151,813
Housing assistance payments	1,855,554
Depreciation expense	215,460
	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,498,337</b>

OPERATING INCOME (LOSS)	<hr/> <b>(2,485,819)</b>
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NONOPERATING REVENUES

Federal operating grants	2,456,192
Gain on sale of capita assets	(336)
Interest income	15,436
	<hr/>
<b>TOTAL NONOPERATING REVENUES</b>	<b>2,471,292</b>

Net income before capital contributions	<b>(14,527)</b>
-----------------------------------------	-----------------

CAPITAL CONTRIBUTIONS	<hr/> 8,525
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CHANGE IN NET POSITION	<b>(6,002)</b>
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TOTAL NET POSITION - BEGINNING OF YEAR	<hr/> 5,006,599
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TOTAL NET POSITION - END OF YEAR	<b>\$ <u><u>5,000,597</u></u></b>
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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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 1,011,074
Payments to vendors	(923,662)
Payments to landlords	(1,855,554)
Payments to employees	(590,490)
Net Cash Used by Operating Activities	<u>(2,358,632)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	2,456,192
Net Cash From Noncapital Financing Activities	<u>2,456,192</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on notes	0
Federal capital grants received	8,525
Acquisition and construction of capital assets	(32,669)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(24,144)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Gain or loss on sale of capital assets	(336)
Interest income	15,436
Net Cash From Investing Activities	<u>15,100</u>

Net Increase (Decrease) in Cash and Cash Equivalents 88,516

Cash - Beginning of year 1,313,839

Cash - End of year \$ 1,402,355

Reconciliation of Cash and Cash Equivalents:

Deposits in bank	\$ 1,348,857
Restricted cash	53,498
Total Cash and Cash Equivalents	<u>\$ <u>1,402,355</u></u>

Continued

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

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
(CONTINUED)

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

Operating income (loss)	\$ (2,485,819)
Adjustments to reconcile net operating income to net cash	
Provided by operating activities:	
Depreciation	215,460
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(64,625)
Prepaid expenses	14,295
Inventory	(352)
Other assets	79,700
Increase (Decrease) in:	
Accounts payable	(60,169)
Accrued liabilities	(55,678)
Unearned revenue	(1,444)
Net Cash Flows Provided (Used)	
by Operating Activities	\$ <u>(2,358,632)</u>

The accompanying notes are an integral part of these financial statements

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY ("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.

The HOUSING AUTHORITY OF THE CITY OF MICHIGAN CITY is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD). The financial statements also include the component unit named Michigan City Housing Development Inc. (MCHDI).

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 Michigan City. Although it is legally separate from the Housing Authority of the City of Michigan City, the Michigan City Housing Development Inc. is reported as if it were part of the primary government because its purpose is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income. The criteria for inclusion as a component unit include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Accordingly, MCHDI financial information (a component unit) has been blended with the Housing Authority of the City of Michigan City. There are no other component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

At September 30, 2018, the Housing Authority had 573 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	184
Vouchers	371
MCHDI	<u>18</u>
TOTAL	<u>573</u>

The Authority is also operating Capital Fund Grant Programs and Resident Opportunity and Supportive Services (ROSS) Grants.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

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

	<u>Housing</u>	<u>Component</u>	
	<u>Authority</u>	<u>Units</u>	<u>Total</u>
<u>Condensed Statement of Net Position</u>			
Current assets	\$ 1,193,009	\$ 437,126	\$ 1,630,135
Capital Assets	<u>2,886,380</u>	<u>737,908</u>	<u>3,624,298</u>
Total assets	\$ <u>4,079,399</u>	\$ <u>1,175,034</u>	\$ <u>5,254,433</u>
Current liabilities	\$ 196,814	\$ 10,185	\$ 206,999
Non-current liabilities	<u>45,684</u>	<u>1,153</u>	<u>46,837</u>
Total liabilities	\$ <u>242,498</u>	\$ <u>11,338</u>	\$ <u>253,836</u>
Net investment in capital assets	\$ 2,886,390	\$ 737,908	\$ 3,624,298
Restricted	23,557	0	23,557
Unrestricted	<u>926,954</u>	<u>425,788</u>	<u>1,352,742</u>
Total Net Position	\$ <u>3,836,901</u>	\$ <u>1,163,696</u>	\$ <u>5,000,597</u>

<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>			
Operating revenues	\$ 919,704	\$ 92,814	\$ 1,012,518
Operating expenses			
Operating expense - other	(3,207,544)	(75,333)	(3,282,877)
Depreciation expense	(186,794)	(28,666)	(215,460)
Nonoperating revenue			
Nonoperating revenue - other	13,211	1,889	15,100
Federal operating grants	<u>2,456,192</u>	<u>0</u>	<u>2,456,192</u>
Net income before capital Contributions	(5,231)	(9,296)	(14,527)
Capital Contributions	<u>8,525</u>	<u>0</u>	<u>8,525</u>
Change in net position	<u>3,294</u>	<u>(9,296)</u>	<u>(6,002)</u>
Net Position, beginning of year	<u>3,833,607</u>	<u>1,172,992</u>	<u>5,006,599</u>
Net Position, end of year	\$ <u>3,836,901</u>	\$ <u>1,163,696</u>	\$ <u>5,000,597</u>

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

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

	<u>Housing</u>	<u>Component</u>	
	<u>Authority</u>	<u>Units</u>	<u>Total</u>
<u>Condensed Statement of Cash Flows</u>			
Net Cash Provided (Used) by Operating Activities	\$(2,430,315)	\$ 471,683	\$(2,358,632)
Net Cash from Noncapital Financing Activities	2,456,192	0	2,456,192
Net Cash Flows Used by Capital And Related Financing Activities	(24,144)	0	(24,144)
Net Cash from Investing Activities	<u>10,454</u>	<u>4,646</u>	<u>15,100</u>
Net Increase in Cash and Cash Equivalents	12,187	76,329	88,516
Cash - Beginning of Year	<u>306,266</u>	<u>1,007,573</u>	<u>1,313,839</u>
Cash - End of Year	<u>\$ 318,453</u>	<u>\$1,083,902</u>	<u>\$ 1,402,355</u>

**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:

**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. The Authority has no debt.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

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

**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 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 is adopted by the Authority's Board and represents budgetary execution and management by the board and HUD; therefore, budgetary data and presentation is not required.

**Cash and Cash Equivalents:** Deposits consist of checking and savings accounts 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 purposed 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 purchased 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 Receivables:** Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority Board takes annual action as required to write off specific uncollectible accounts receivable balances.

**Prepaid:** Prepays represent payments made to vendors for services that will benefit beyond September 30, 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.

**Interprogram Due From and Due To -** During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

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

Interprogram Due From and Due To (Continued)

had not been made as of the balance sheet date. Interprogram accounts have been eliminated for financial statement reporting purposes.

**Capital Assets:** Capital assets purchased are recorded 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 \$500 or more with an anticipated useful life of more than one (1) year. 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 reimbursements 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	40 years
Maintenance and Office equipment	3-10 years
Leasehold Improvements	15 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 relate 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 cost 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 Authority's policy to use unrestricted resources first, then restricted resources if 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 liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

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

**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 schedules 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.

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.

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 requires that an investment strategy be developed annually, as part of the budget process, for all agency funds that are not needed immediately. At September 30, 2018, the Authority's deposits and investments were not limited and all of which were available on demand.

**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 a 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.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

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

**Custodial Credit Risk** (continued)

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 September 30, 2018, the carrying amount of the Authority's deposits was \$1,402,355. The bank balances were \$1,499,850. 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 and Section 8 HAP reserves.

Deposits consist of the following:

Checking accounts	\$1,014,936
Savings accounts	<u>387,419</u>
Total	<u>\$1,402,355</u>

**NOTE C - Accounts Receivable:**

Accounts receivable at September 30, 2018, consist of the following:

Accounts receivable HUD	\$ 85,902
Tenant accounts receivable - net of allowance for Doubtful accounts of \$52,543	97,804
Fraud recovery - net of allowance for Doubtful accounts of \$30,398	0
Accounts receivable miscellaneous	<u>2,258</u>
Total	<u>\$185,964</u>

**NOTE D - Prepaid Expenses:**

Prepaid expenses at September 30, 2018, consist of the following:

Prepaid insurance	<u>\$28,332</u>
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**NOTE E - Inventory:**

Inventory	<u>\$13,390</u>
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Materials inventories are recorded at cost. The first-in/first-out (FIFO) inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

**NOTE F - Component Units:**

The Michigan City Housing Development, Inc. (MCHDI) was established by the Housing Authority of the City of Michigan City as a not-for-profit corporation. The general purpose of MCHDI is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income pursuant to economic guidelines established by the United States Department of Housing and Urban Development. Educational services shall be provided to prospective members of such identifiable groups for purposes of teaching the principles of a home purchase and ownership. MCHDI was organized exclusively for charitable and educational purposes and is governed by a separate Board of Directors comprised of two Housing Authority of the City of Michigan City board members and two independent members.

**NOTE G - Capital Assets:**

A summary in changes in capital assets is as follows:

	Beginning Balance <u>09/30/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>09/30/18</u>
Capital assets, not being depreciated:					
Land	\$ 463,527	\$ 0	\$ 1	\$ 0	\$ 463,526
Construction in Progress	<u>175,629</u>	<u>8,525</u>	<u>0</u>	<u>0</u>	<u>184,154</u>
Total Capital Assets, Not being depreciated	<u>639,156</u>	<u>8,525</u>	<u>1</u>	<u>0</u>	<u>647,680</u>
Capital Assets, being depreciated:					
Buildings & Improvements	18,512,512	19,570	0	0	18,532,082
Furniture, Equipment & Machinery	<u>678,586</u>	<u>4,575</u>	<u>0</u>	<u>0</u>	<u>683,161</u>
Total Capital Assets, being depreciated	<u>19,191,098</u>	<u>24,145</u>	<u>0</u>	<u>0</u>	<u>19,215,243</u>
Less Accumulated Depreciation	<u>(16,023,165)</u>	<u>(215,460)</u>	<u>0</u>	<u>0</u>	<u>(16,238,625)</u>
Total Capital Assets, being depreciated, net	<u>3,167,933</u>	<u>(191,315)</u>	<u>1</u>	<u>0</u>	<u>2,976,618</u>
Capital Assets, Net	<u>\$ 3,807,089</u>	<u>\$(182,790)</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 3,624,298</u>

There were no major construction projects in process at the fiscal year ending September 30, 2018.

Depreciation expense of \$215,460 was incurred during the year.

**NOTE H - Accounts Payable:**

Accounts payable at September 30, 2018, consist of the following:

Vendors' accounts payable \$58,934

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

NOTE I - Accrued Liabilities:

Accrued liabilities at September 30, 2018, consist of the following:

Accrued compensated absences and payroll	<u>\$30,473</u>
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NOTE J - Unearned Revenue:

Unearned revenue at September 30, 2018, consists of the following:

Prepaid rent	<u>\$66,227</u>
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NOTE K - Noncurrent Liabilities:

Noncurrent liabilities at September 30, 2018, consist of the following:

Accrued Absences-Noncurrent	\$35,257
Homebuyers Earned Home Payments	10,401
Homebuyers Non-routine Maintenance Reserve	<u>1,179</u>
 Total	 <u>\$46,837</u>

	<u>9/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/18</u>
Noncurrent Liabilities	<u>\$92,592</u>	<u>\$0</u>	<u>\$45,755</u>	<u>\$46,837</u>

NOTE L - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended September 30, 2018, were as follows:

Low Rent Public Housing	\$ 378,715
Housing Choice Vouchers	2,007,087
Capital Fund Programs	55,531
ROSS Programs	<u>14,859</u>
 Total	 <u>\$2,456,192</u>

NOTE M - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended September 30, 2018, were \$8,525.

NOTE N - Commitments and Contingencies:

Litigation - At September 30, 2018, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended September 30, 2018.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

NOTE N - Commitments and Contingencies: (Continued)

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

Construction Projects - There are no major construction projects in process at September 30, 2018.

NOTE O - Risk Management:

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

NOTE P - Economic Dependency:

The Authority receives approximately 71% of its revenue from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE Q - Conduit Type Debt:

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

HUD no longer provides the Authority with debt services information since the Authority has no obligation for the debt.

NOTE R - Defined Contribution Plan:

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will received depends solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of full-time employment. The Authority contributes an amount equal to 5% of the employee base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years. The Authority's total pension contribution in fiscal year ending September 30, 2018, was \$16,152. Total annual payroll expense was \$323,045.

The Board of Directors has the authority to establish or amend the plan provisions. The Board of Directors has the authority to establish or amend the contributions to the plan.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

NOTE R - Defined Contribution Plan: (continued)

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

NOTE S - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through June 14, 2019 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.

SUPPLEMENTAL FINANCIAL INFORMATION

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

COMBINING SCHEDULE OF PROGRAM NET POSITION  
SEPTEMBER 30, 2018

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income Public Housing	Capital Fund Programs	Resident Opportunity & Supp Services
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 190,356	\$ 0	\$ 10,909
Restricted Cash and cash equivalents	43,413	0	0
Accounts receivable, net	166,747	0	0
Investments	0	0	0
Interprogram due from	0	0	0
Prepaid expenses	20,464	0	0
Inventory	13,152	0	0
<b>Total Current Assets</b>	<b>434,132</b>	<b>0</b>	<b>10,909</b>
<b><u>Capital Assets</u></b>			
Land and other nondepreciable assets	545,236	0	0
Depreciable capital assets, net	1,584,681	0	0
<b>Total Capital Assets</b>	<b>2,129,917</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>2,564,049</b>	<b>0</b>	<b>10,909</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable	39,025	0	0
Accrued liabilities	27,892	0	0
Interprogram due to	686,225	0	0
Current portion of long term debt	0	0	0
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	44,804	0	0
Unearned revenue	46,362	0	10,909
<b>Total Current liabilities</b>	<b>844,308</b>	<b>0</b>	<b>10,909</b>
<b><u>Noncurrent Liabilities</u></b>			
Other noncurrent liabilities	38,507	0	0
Long term debt	0	0	0
<b>Total Noncurrent Liabilities</b>	<b>38,507</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>882,815</b>	<b>0</b>	<b>10,909</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	2,129,917	0	0
Restricted	20,033	0	0
Unrestricted	(468,716)	0	0
<b>Total Net Position</b>	<b>\$ 1,681,234</b>	<b>\$ 0</b>	<b>\$ 0</b>

C - 2057				
Housing Choice Vouchers	Component Unit	Business Activities	Interfund Elimination	Total
\$ 70,251	\$ 422,529	\$ 654,812	\$ 0	\$ 1,348,857
3,524	6,561	0	0	53,498
10,287	6,053	2,877	0	185,964
0	0	0	0	0
0	0	686,225	(686,225)	0
5,191	1,745	1,026	0	28,426
0	238	0	0	13,390
<b>89,253</b>	<b>437,126</b>	<b>1,344,940</b>	<b>(686,225)</b>	<b>1,630,135</b>
0	48,810	53,634	0	647,680
2,781	689,098	700,058	0	2,976,618
<b>2,781</b>	<b>737,908</b>	<b>753,692</b>	<b>0</b>	<b>3,624,298</b>
<b>92,034</b>	<b>1,175,034</b>	<b>2,098,632</b>	<b>(686,225)</b>	<b>5,254,433</b>
2,844	23	17,042	0	58,934
2,173	190	218	0	30,473
0	0	0	(686,225)	0
0	0	0	0	0
0	6,561	0	0	51,365
0	3,411	5,545	0	66,227
<b>5,017</b>	<b>10,185</b>	<b>22,805</b>	<b>(686,225)</b>	<b>206,999</b>
6,408	1,153	769	0	46,837
0	0	0	ERR	ERR
<b>6,408</b>	<b>1,153</b>	<b>769</b>	<b>ERR</b>	<b>ERR</b>
<b>11,425</b>	<b>11,338</b>	<b>23,574</b>	<b>ERR</b>	<b>ERR</b>
2,781	737,908	753,692	0	3,624,298
3,524	0	0	0	23,557
74,304	425,788	1,321,366	0	1,352,742
<b>\$ 80,609</b>	<b>\$ 1,163,696</b>	<b>\$ 2,075,058</b>	<b>\$ 0</b>	<b>\$ 5,000,597</b>

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, 2018

	Annual Contributions Contracts		
	C - 933	C - 933	C - 933
	Low Income Public Housing	Capital Fund Programs	Resident Opportunity Supp Service:
<b><u>OPERATING REVENUES</u></b>			
Rental income	\$ 520,062	\$ 0	\$ 0
Other income	18,423	0	0
<b>TOTAL OPERATING REVENUE</b>	<b>538,485</b>	<b>0</b>	<b>0</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative	284,109	0	14,859
Tenant services	143	0	0
Utilities	339,327	0	0
Ordinary maintenance and operation	364,886	0	0
Protective services	24,953	0	0
General expense	110,084	0	0
Housing assistance payments	0	0	0
Depreciation expense	151,142	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>1,274,644</b>	<b>0</b>	<b>14,859</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(736,159)</b>	<b>0</b>	<b>(14,859)</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Federal operating grants	434,246	0	14,859
Gain on sale of partnership	50	0	0
Interest expense	0	0	0
Interest income	10,014	0	0
<b>TOTAL NONOPERATING REVENUES</b>	<b>444,310</b>	<b>0</b>	<b>14,859</b>
<b>Net income before capital contributions</b>	<b>(291,849)</b>	<b>0</b>	<b>0</b>
Capital contributions	0	8,525	0
<b>CHANGE IN NET POSITION</b>	<b>(291,849)</b>	<b>8,525</b>	<b>0</b>
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	1,964,558	0	0
Operating transfers and prior period adjustments	8,525	(8,525)	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,973,083	(8,525)	0
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 1,681,234</b>	<b>\$ 0</b>	<b>\$ 0</b>

<u>C - 2057</u>					
Housing					
<u>&amp;</u>	<u>Choice</u>	<u>Component</u>	<u>Business</u>	<u>Elimination</u>	<u>Total</u>
<u>s</u>	<u>Vouchers</u>	<u>Unit</u>	<u>Activities</u>		
\$	0	\$ 92,761	\$ 187,864	\$ 0	\$ 800,687
	28,673	53	164,682	0	211,831
	<u>28,673</u>	<u>92,814</u>	<u>352,546</u>	<u>0</u>	<u>1,012,518</u>
	136,930	13,415	7,664	0	456,977
	0	0	0	0	143
	0	17,255	2,583	0	359,165
	8,871	36,554	23,961	0	434,272
	0	0	0	0	24,953
	31,381	8,109	2,239	0	151,813
	1,855,554	0	0	0	1,855,554
	507	28,666	35,145	0	215,460
	<u>2,033,243</u>	<u>103,999</u>	<u>71,592</u>	<u>0</u>	<u>3,498,337</u>
			0		
	<u>(2,004,570)</u>	<u>(11,185)</u>	<u>280,954</u>	<u>0</u>	<u>(2,485,819)</u>
	2,007,087	0	0	0	2,456,192
	0	(386)	0	0	(336)
	0	0	0	0	0
	390	2,275	2,757	0	15,436
	<u>2,007,477</u>	<u>1,889</u>	<u>2,757</u>	<u>0</u>	<u>2,471,292</u>
	2,907	(9,296)	283,711	0	(14,527)
	0	0	0	0	8,525
	<u>2,907</u>	<u>(9,296)</u>	<u>283,711</u>	<u>0</u>	<u>(6,002)</u>
	77,702	1,172,992	1,791,347	0	5,006,599
	0	0	0	0	0
	<u>77,702</u>	<u>1,172,992</u>	<u>1,791,347</u>	<u>0</u>	<u>5,006,599</u>
\$	<u>80,609</u>	<u>\$ 1,163,696</u>	<u>\$ 2,075,058</u>	<u>\$ 0</u>	<u>\$ 5,000,597</u>

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: 09/30/2018

	Project Total	1 Business Activities	6 Component Units	14,870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$495,721	\$186,829	\$0		\$89,540		\$772,090		\$772,090
70400 Tenant Revenue - Other	\$24,341	\$1,035	\$0		\$3,221		\$28,597		\$28,597
70500 Total Tenant Revenue	\$520,062	\$187,864	\$0	\$0	\$92,761	\$0	\$800,687		\$800,687
70600 HUD PHA Operating Grants	\$434,246	\$0	\$0	\$14,859		\$2,007,087	\$2,456,192		\$2,456,192
70610 Capital Grants	\$8,525	\$0	\$0				\$8,525		\$8,525
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	\$9,831	\$0	\$0				\$9,831		\$9,831
71100 Investment Income - Unrestricted	\$180	\$2,757	\$0		\$2,275	\$390	\$5,602		\$5,602
71200 Mortgage Interest Income	\$0	\$0	\$0				\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0				\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0				\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0			\$1,078	\$1,078		\$1,078
71500 Other Revenue	\$18,423	\$164,682	\$0		\$53	\$27,595	\$210,753		\$210,753
71600 Gain or Loss on Sale of Capital Assets	\$50	\$0	\$0		-\$386		-\$336		-\$336
72000 Investment Income - Restricted	\$3	\$0	\$0				\$3		\$3
70000 Total Revenue	\$991,320	\$355,303	\$0	\$14,859	\$94,703	\$2,036,150	\$3,492,335		\$3,492,335
91100 Administrative Salaries	\$147,694	\$0	\$0	\$13,295		\$65,711	\$226,700		\$226,700
91200 Auditing Fees	\$2,137	\$822	\$0		\$452	\$699	\$4,110		\$4,110
91300 Management Fee	\$0	\$0	\$0				\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0				\$0		\$0
91400 Advertising and Marketing	\$402	\$0	\$0			\$134	\$536		\$536
91500 Employee Benefit contributions - Administrative	\$54,984	\$11	\$0	\$1,564		\$35,027	\$91,586		\$91,586
91600 Office Expenses	\$17,370	\$467	\$0		\$521	\$5,834	\$24,192		\$24,192
91700 Legal Expense	\$14,057	-\$191	\$0		\$3,278	\$562	\$17,706		\$17,706
91800 Travel	\$1,183	\$0	\$0				\$1,183		\$1,183
91810 Allocated Overhead	\$0	\$0	\$0				\$0		\$0
91900 Other	\$46,282	\$6,555	\$0		\$9,164	\$28,963	\$90,964		\$90,964
91000 Total Operating - Administrative	\$284,109	\$7,664	\$0	\$14,859	\$13,415	\$136,930	\$456,977		\$456,977
92000 Asset Management Fee	\$0	\$0	\$0				\$0		\$0
92100 Tenant Services - Salaries	-\$45	\$0	\$0				-\$45		-\$45

92200 Relocation Costs	\$0	\$0	\$0				\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0				\$0		\$0
92400 Tenant Services - Other	\$188	\$0	\$0				\$188		\$188
92500 Total Tenant Services	\$143	\$0	\$0	\$0	\$0	\$0	\$143		\$143
93100 Water	\$43,953	\$796	\$0			\$2,601	\$47,350		\$47,350
93200 Electricity	\$148,256	\$313	\$0			\$7,192	\$155,761		\$155,761
93300 Gas	\$85,077	\$507	\$0			\$4,574	\$90,158		\$90,158
93400 Fuel	\$0	\$0	\$0				\$0		\$0
93500 Labor	\$0	\$0	\$0				\$0		\$0
93600 Sewer	\$62,041	\$967	\$0			\$2,868	\$65,896		\$65,896
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0				\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0				\$0		\$0
93000 Total Utilities	\$339,327	\$2,583	\$0	\$0	\$17,255	\$0	\$359,165		\$359,165
94100 Ordinary Maintenance and Operations - Labor	\$146,216	\$6,669	\$0			\$9,658	\$162,543		\$162,543
94200 Ordinary Maintenance and Operations - Materials and Other	\$47,689	\$7,602	\$0			\$9,316	\$8,453	\$73,060	\$73,060
94300 Ordinary Maintenance and Operations Contracts	\$63,594	\$6,990	\$0			\$12,543	\$418	\$83,545	\$83,545
94500 Employee Benefit Contributions - Ordinary Maintenance	\$101,924	\$2,700	\$0			\$5,037	\$109,661		\$109,661
94000 Total Maintenance	\$359,423	\$23,961	\$0	\$0	\$36,554	\$8,871	\$428,809		\$428,809
95100 Protective Services - Labor	\$21,298	\$0	\$0				\$21,298		\$21,298
95200 Protective Services - Other Contract Costs	\$1,401	\$0	\$0				\$1,401		\$1,401
95300 Protective Services - Other	\$0	\$0	\$0				\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$2,254	\$0	\$0				\$2,254		\$2,254
95000 Total Protective Services	\$24,953	\$0	\$0	\$0	\$0	\$0	\$24,953		\$24,953
96110 Property Insurance	\$75,248	\$191	\$0			\$105	\$15,848	\$91,392	\$91,392
96120 Liability Insurance	\$990	\$0	\$0			\$705	\$8,086	\$9,781	\$9,781
96130 Workmen's Compensation	\$7,897	\$2,000	\$0			\$4,289	\$2,599	\$16,785	\$16,785
96140 All Other Insurance	\$10,370	\$0	\$0			\$640	\$1,251	\$12,261	\$12,261
96100 Total insurance Premiums	\$94,505	\$2,191	\$0	\$0	\$5,739	\$27,784	\$130,219		\$130,219
96200 Other General Expenses	\$15,320	\$0	\$0				\$3,597	\$18,917	\$18,917
96210 Compensated Absences	\$0	\$0	\$0				\$0		\$0
96300 Payments in Lieu of Taxes	\$0	\$48	\$0				\$48		\$48
96400 Bad debt - Tenant Rents	\$259	\$0	\$0			\$2,370	\$2,629		\$2,629
96500 Bad debt - Mortgages	\$0	\$0	\$0				\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0				\$0		\$0
96800 Severance Expense	\$0	\$0	\$0				\$0		\$0
96000 Total Other General Expenses	\$15,579	\$48	\$0	\$0	\$2,370	\$3,597	\$21,594		\$21,594
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0				\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0				\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0				\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$1,118,039	\$36,447	\$0	\$14,859	\$75,333	\$177,182	\$1,421,860		\$1,421,860

97000 Excess of Operating Revenue over Operating Expenses	-126,719	\$318,856	\$0	\$0	\$19,370	\$1,858,968	\$2,070,475	\$2,070,475
97100 Extraordinary Maintenance	\$5,463	\$0	\$0				\$5,463	\$5,463
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0				\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$0			\$1,833,033	\$1,833,033	\$1,833,033
97350 HAP Portability-In	\$0	\$0	\$0			\$22,521	\$22,521	\$22,521
97400 Depreciation Expense	\$151,142	\$35,145	\$0		\$28,656	\$507	\$215,460	\$215,460
97500 Fraud Losses	\$0	\$0	\$0				\$0	\$0
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense	\$0	\$0	\$0				\$0	\$0
90000 Total Expenses	\$1,274,644	\$71,592	\$0	\$14,859	\$103,999	\$2,033,243	\$3,498,337	\$3,498,337
10010 Operating Transfer In	\$0	\$0	\$0				\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0				\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0				\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0				\$0	\$0
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0				\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0				\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0						\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0						\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0				\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0				\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$283,324	\$283,711	\$0	\$0	-\$9,296	\$2,907	-\$6,002	-\$6,002
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,964,558	\$1,791,347	\$0	\$0	\$1,172,992	\$77,702	\$5,006,599	\$5,006,599
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0			\$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	\$0					\$77,085	\$77,085	\$77,085
11180 Housing Assistance Payments Equity						\$3,524	\$3,524	\$3,524
11190 Unit Months Available	2244	324	0		216	3617	6401	6401
11210 Number of Unit Months Leased	2110	318	0		207	3610	6245	6245
11270 Excess Cash	-\$556,994						-\$556,994	-\$556,994
11610 Land Purchases	\$0						\$0	\$0
11620 Building Purchases	\$8,525						\$8,525	\$8,525
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 Michigan City (IN019)  
MICHIGAN CITY, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2018

	Project Total	1 Business Activities	6 Component Units	14,870 Resident Opportunity and Supportive Services	6.2 Component Unit - Blended	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$170,323	\$475,894	\$0	\$10,909	\$422,529	\$70,251	\$1,149,906		\$1,149,906
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0				\$0		\$0
113 Cash - Other Restricted	\$20,033	\$0	\$0			\$3,524	\$23,557		\$23,557
114 Cash - Tenant Security Deposits	\$43,413	\$15,997	\$0		\$6,561		\$65,971		\$65,971
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0				\$0		\$0
100 Total Cash	\$233,769	\$491,891	\$0	\$10,909	\$429,090	\$73,775	\$1,239,434	\$0	\$1,239,434
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0			\$10,287	\$10,287		\$10,287
122 Accounts Receivable - HUD Other Projects	\$75,615	\$0	\$0				\$75,615		\$75,615
124 Accounts Receivable - Other Government	\$0	\$0	\$0				\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0		\$2,258		\$2,258		\$2,258
126 Accounts Receivable - Tenants	\$140,083	\$4,426	\$0		\$5,838		\$150,347		\$150,347
126.1 Allowance for Doubtful Accounts - Tenants	-\$48,951	-\$1,549	\$0		-\$2,043		-\$52,543		-\$52,543
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0				\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0			\$30,398	\$30,398		\$30,398
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0			-\$30,398	-\$30,398		-\$30,398
129 Accrued Interest Receivable	\$0	\$0	\$0				\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$166,747	\$2,877	\$0	\$0	\$6,053	\$10,287	\$185,964	\$0	\$185,964
131 Investments - Unrestricted	\$0	\$162,921	\$0				\$162,921		\$162,921
132 Investments - Restricted	\$0	\$0	\$0				\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0				\$0		\$0
142 Prepaid Expenses and Other Assets	\$20,464	\$932	\$0		\$1,745	\$5,191	\$28,332		\$28,332
143 Inventories	\$13,844	\$99	\$0		\$251		\$14,194		\$14,194
143.1 Allowance for Obsolete Inventories	-\$692	-\$5	\$0		-\$13		-\$710		-\$710
144 Inter Program Due From	\$0	\$686,225	\$0				\$686,225	-\$686,225	\$0
145 Assets Held for Sale	\$0	\$0	\$0				\$0		\$0
150 Total Current Assets	\$434,132	\$1,344,940	\$0	\$10,909	\$437,126	\$89,253	\$2,316,360	-\$686,225	\$1,630,135
161 Land	\$361,092	\$53,634	\$0		\$48,810		\$463,526		\$463,526
162 Buildings	\$15,078,043	\$1,339,923	\$0		\$1,150,060	\$394	\$17,568,420		\$17,568,420
163 Furniture, Equipment & Machinery - Dwellings	\$181,169	\$4,895	\$0		\$1,764		\$187,828		\$187,828
164 Furniture, Equipment & Machinery - Administration	\$389,656	\$4,160	\$0		\$26,498	\$75,019	\$495,333		\$495,333
165 Leasehold Improvements	\$938,606	\$17,018	\$0		\$8,038		\$963,662		\$963,662
166 Accumulated Depreciation	-\$15,002,793	-\$665,938	\$0		-\$497,262	-\$72,632	-\$16,238,625		-\$16,238,625
167 Construction in Progress	\$184,154	\$0	\$0				\$184,154		\$184,154
168 Infrastructure	\$0	\$0	\$0				\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,129,917	\$753,692	\$0	\$0	\$737,908	\$2,781	\$3,624,298	\$0	\$3,624,298

171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0				\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0				\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0				\$0		\$0
174 Other Assets	\$0	\$0	\$0				\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0				\$0		\$0
180 Total Non-Current Assets	\$2,129,917	\$753,692	\$0	\$0	\$737,908	\$2,781	\$3,624,298	\$0	\$3,624,298
200 Deferred Outflow of Resources	\$0	\$0	\$0				\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$2,564,049	\$2,098,632	\$0	\$10,909	\$1,175,034	\$92,034	\$5,940,658	-\$686,225	\$5,254,433
311 Bank Overdraft	\$0	\$0	\$0				\$0		\$0
312 Accounts Payable <= 90 Days	\$39,025	\$1,045	\$0		\$23	\$2,844	\$42,937		\$42,937
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0				\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$25,212	\$133	\$0		\$62	\$1,461	\$26,868		\$26,868
322 Accrued Compensated Absences - Current Portion	\$2,680	\$85	\$0		\$128	\$712	\$3,605		\$3,605
324 Accrued Contingency Liability	\$0	\$0	\$0				\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0				\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0				\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0				\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0				\$0		\$0
341 Tenant Security Deposits	\$44,804	\$15,997	\$0		\$6,561		\$67,362		\$67,362
342 Unearned Revenue	\$46,362	\$5,545	\$0	\$10,909	\$3,411		\$66,227		\$66,227
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0				\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0				\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0				\$0		\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0				\$0		\$0
347 Inter Program - Due To	\$686,225	\$0	\$0				\$686,225	-\$686,225	\$0
348 Loan Liability - Current	\$0	\$0	\$0				\$0		\$0
310 Total Current Liabilities	\$844,308	\$22,805	\$0	\$10,909	\$10,185	\$5,017	\$893,224	-\$686,225	\$206,999
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0				\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0				\$0		\$0
353 Non-current Liabilities - Other	\$11,580	\$0	\$0				\$11,580		\$11,580
354 Accrued Compensated Absences - Non Current	\$26,927	\$769	\$0		\$1,153	\$6,408	\$35,257		\$35,257
355 Loan Liability - Non Current	\$0	\$0	\$0				\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0				\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0				\$0		\$0
350 Total Non-Current Liabilities	\$38,507	\$769	\$0	\$0	\$1,153	\$6,408	\$46,837	\$0	\$46,837
300 Total Liabilities	\$882,815	\$23,574	\$0	\$10,909	\$11,338	\$11,425	\$940,061	-\$686,225	\$253,836
400 Deferred Inflow of Resources	\$0	\$0	\$0				\$0		\$0
508.4 Net Investment in Capital Assets	\$2,129,917	\$753,692			\$737,908	\$2,781	\$3,624,298		\$3,624,298
511.4 Restricted Net Position	\$20,033					\$3,524	\$23,557		\$23,557
512.4 Unrestricted Net Position	-\$468,716	\$1,321,366	\$0	\$0	\$425,788	\$74,304	\$1,352,742		\$1,352,742

513 Total Equity - Net Assets / Position	\$1,681,234	\$2,075,058	\$0	\$0	\$1,163,696	\$80,609	\$5,000,597	\$0	\$5,000,597
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,564,049	\$2,098,632	\$0	\$10,909	\$1,175,034	\$92,034	\$5,940,658	-\$686,225	\$5,254,433

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

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<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	Public and Indian Housing	14.850	\$ 434,246	\$ 434,246
C-933	Resident Opportunity and Supportive Services	14.870	21,947	14,859
IN-019	Housing Voucher Cluster Housing Choice Vouchers	14.871	2,007,087	2,007,087
C-933	Public Housing Capital Fund	14.872	<u>553,591</u>	<u>8,525</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b><u>\$3,016,871</u></b>	<b><u>\$2,464,717</u></b>

**Note 1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Michigan City under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Michigan City, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Michigan City.

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

OTHER REPORTS

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

## Independent Auditor's Report

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

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 Michigan City, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Michigan City's basic financial statements and have issued my report thereon dated June 14, 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 Michigan City'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 Michigan City's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Michigan City'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 Michigan City'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*.

I noted certain matters that I reported to the management of the Housing Authority of the City of Michigan City in a separate letter dated June 14, 2019.

**Purpose Of This Report**

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

*Goldie Roberts*

Certified Public Accountant

Fredericksburg, Indiana  
June 14, 2019

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Michigan City  
P.O. Box 1207  
Kokomo, Indiana 46903-1207

### **Report on Compliance for Each Major Federal Program**

I have audited the Housing Authority of the City of Michigan City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Michigan City's major federal programs for the year ended September 30, 2018. The Housing Authority of the City of Michigan City'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 conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Michigan City'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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Michigan City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In my opinion, the Housing Authority of the City of Michigan City, 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, 2018.

## Report on Internal Control Over Compliance

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

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

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

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

*Goldie Roberts*

Certified Public Accountant

Fredericksburg, Indiana  
June 14, 2019

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

September 30, 2018

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

FEDERAL AWARDS

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<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?       yes   X  no

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

September 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

PRIOR AUDIT FINDINGS

2017-001

SECTION 8 FILES

PRIOR

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

CURRENT

CONDITION:

In the current sample there were no exceptions noted.

This finding is cleared

2017-002

Internal Controls over Financial Statements

PRIOR

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.

CURRENT

CONDITION:

The Authority has put controls in place where they now review the monthly financial statements prepared by the fee accountant.

This finding is cleared

2017-003

Audit Conducted Late

PRIOR

CONDITION:

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

CURRENT

CONDITION:

The current audit is being submitted on time.

This finding is cleared

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

September 30, 2018

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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

September 30, 2018

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2017-001	Section 8 Files	Cleared
2017-002	Internal Controls over Financial Statements	Cleared
2017-003	Audit Conducted Late	Cleared