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July 18, 2019

Board of Directors  
Housing Authority of the City of Union City  
321 W Oak Street  
Union City, IN 47390

We have reviewed the audit report of the Housing Authority of the City of Union City which was opined on 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 Housing Authority of the City of Union City 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.

We call your attention to the findings included in the report on pages 29 and 30. The Authority's planned corrective action immediately follows page 31.

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

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

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

# HOUSING AUTHORITY OF THE CITY OF UNION CITY

AUDITED FINANCIAL STATEMENTS

Union 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  
UNION CITY

Union 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 Union City  
321 W Oak St  
Union City, Indiana 47390

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Union 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 Union 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 Union City as of June 14, 2019, 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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vi and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 16 through 17 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 14, 2019 on my consideration of the Housing Authority of the City of Union 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 The Housing Authority of the City of Union City's internal control over financial reporting and compliance.

*Goldie Roberts*

Fredericksburg, Indiana  
June 14, 2019

Certified Public Accountant

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
Union 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.

The *financial highlights for the Union City Housing Authority in 2018* included:

As of September 30, 2018, total assets were \$23,178 as compared to \$121,792, as of September 30, 2017, a decrease of \$98,614. Current assets decreased \$25,184 and capital assets decreased \$73,430.

Total liabilities decreased \$195,546 from \$302,432 in 2017 to \$106,886 in 2018.

In 2018, total revenue increased \$59,750, as compared to 2017, mainly due to the sale of the Royal Oaks building.

Total expenses decreased \$46,734 due primarily to decreases in the depreciation expense and the interest payable on the Royal Oak building loan.

### **Overview of the Financial Statements**

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance of the Union City Housing Authority for year-ending September 30, 2018.

# HOUSING AUTHORITY OF THE CITY OF UNION CITY

Union City, Indiana

## Management's Discussion and Analysis

September 30, 2018

(Continued)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain the property (meet HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered all its costs through its rental fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities plus provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended September 30, 2018.

### **Financial Analysis**

One of the most important questions asked about the Authority's finances; "Is the Housing Authority as a whole better, or worse, off as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on September 30, 2018. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues, generated and the expenses incurred in operating the Housing Authority for the year-ended September 30, 2018.

Union City Housing Authority is a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing. They also have a small complex called Royal Oak Apartments. The following analysis focuses on the net position and the change in net position of the Housing Authority as a *whole* and not the individual programs.

# HOUSING AUTHORITY OF THE CITY OF UNION CITY

Union City, Indiana

## Management's Discussion and Analysis

September 30, 2018

(Continued)

### Net Position

September 30,

|                               | <u>2018</u>               | <u>2017</u>              | <u>Change</u>             | <u>% of<br/>Change</u> |
|-------------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| Current Assets                | \$ 22,776                 | \$ 47,960                | \$ (25,184)               | -52.51%                |
| Capital Assets, Net           | 402                       | 73,832                   | (73,430)                  | -99.46%                |
| <b>Total Assets</b>           | <b><u>\$ 23,178</u></b>   | <b><u>\$ 121,792</u></b> | <b><u>\$ (98,614)</u></b> | <b><u>-80.97%</u></b>  |
| <br>                          |                           |                          |                           |                        |
| Deferred Outflow of Resources | <u>\$ 851</u>             | <u>\$ 6,019</u>          | <u>\$ (5,168)</u>         | <u>-85.88%</u>         |
| <br>                          |                           |                          |                           |                        |
| Current Liabilities           | \$ 7,283                  | \$ 115,163               | \$(107,880)               | -93.68%                |
| Noncurrent Liabilities        | 99,603                    | 187,269                  | (87,666)                  | -46.81%                |
| <b>Total Liabilities</b>      | <b><u>\$ 106,886</u></b>  | <b><u>\$ 302,432</u></b> | <b><u>\$(195,546)</u></b> | <b><u>-64.66%</u></b>  |
| <br>                          |                           |                          |                           |                        |
| Deferred Inflow of Resources  | <u>\$ 3,993</u>           | <u>\$ 2,338</u>          | <u>\$ 1,655</u>           | <u>70.79%</u>          |
| <br>                          |                           |                          |                           |                        |
| Net Position:                 |                           |                          |                           |                        |
| Investment in Capital Assets  | \$ 402                    | \$ (46,859)              | \$ 47,261                 | 100.86%                |
| Restricted                    | 6,510                     | 29,058                   | (22,548)                  | -77.60%                |
| Unrestricted                  | <u>(93,762)</u>           | <u>(159,159)</u>         | <u>65,397</u>             | <u>41.09%</u>          |
|                               |                           | \$                       |                           |                        |
| <b>Total Net Position</b>     | <b><u>\$ (86,850)</u></b> | <b><u>(176,960)</u></b>  | <b><u>\$ 90,110</u></b>   | <b><u>50.92%</u></b>   |

### Capital Assets

(Net of Accumulated Depreciation)

September 30,

|                           | <u>2018</u>          | <u>2017</u>             | <u>Change</u>             | <u>% of<br/>Change</u> |
|---------------------------|----------------------|-------------------------|---------------------------|------------------------|
| Capital Assets            | \$ 12,214            | \$ 159,544              | \$ (147,330)              | -92.34%                |
| Accumulated Depreciation  | <u>(11,812)</u>      | <u>(85,712)</u>         | <u>(73,900)</u>           | <u>-86.22%</u>         |
| <b>Net Capital Assets</b> | <b><u>\$ 402</u></b> | <b><u>\$ 73,832</u></b> | <b><u>\$ (73,430)</u></b> | <b><u>-99.46%</u></b>  |

See Note C for further detail.

# HOUSING AUTHORITY OF THE CITY OF UNION CITY

Union City, Indiana

## Management's Discussion and Analysis

September 30, 2018

(Continued)

### Assets:

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the current operating cycle.

As of September 30, 2018, current assets were \$22,776 as compared to \$47,960, as of September 30, 2017, a decrease of \$25,184. Current assets decreased partially due to decreases in cash on hand.

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and furnishings and equipment.

Net capital assets decreased \$73,430 due to the sale of the Royal Oaks building.

### Liabilities:

As of September 30, 2018, current liabilities were \$7,283 as compared to \$115,163, as of September 30, 2017, a decrease of \$107,880. This decrease was due to the loan being absorbed when the Royal Oaks building was sold.

### Debt:

The loan no longer exists due to the sale of the Royal Oaks building.

### Net Position:

As of September 30, 2018, the Housing Authority had (\$86,850) invested in total net position. Of this amount, (\$93,792) is unrestricted net position. Restricted net position of \$6,510 was available for Section 8 Housing Assistance Payments (HAP). The remainder of \$402 represents the investment in capital assets furnishings and equipment.

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
Union City, Indiana

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

**Changes in Net Position**  
For the Year Ended September 30

|  | <u>2018</u>        | <u>2017</u>         | <u>Change</u>    | <u>% of<br/>Change</u> |
|--|--------------------|---------------------|------------------|------------------------|
| <b>Revenue:</b>                            |                    |                     |                  |                        |
| Federal Grants & Subsidy                   | \$ 603,204         | \$ 646,918          | \$ (43,714)      | -6.76%                 |
| Investment Income                          | 16                 | 20                  | (4)              | -20.00%                |
| Other Income                               | 129,617            | 26,149              | 103,468          | 395.69%                |
| <b>Total Revenue</b>                       | <u>732,837</u>     | <u>673,087</u>      | <u>59,750</u>    | <u>8.88%</u>           |
| <b>Expenses:</b>                           |                    |                     |                  |                        |
| Operating Expenses                         | 83,822             | 87,478              | (3,656)          | -4.18%                 |
| Housing Assistance Payments                | 556,358            | 548,963             | 7,395            | 1.35%                  |
| Depreciation                               | 2,547              | 9,475               | (6,928)          | -73.12%                |
| Interest Expense                           | -                  | 43,545              | (43,545)         | -100.00%               |
| <b>Total Operating Expenses</b>            | <u>642,727</u>     | <u>689,461</u>      | <u>(46,734)</u>  | <u>-6.78%</u>          |
| <b>Increase (Decrease) in Net Position</b> | <b>90,110</b>      | <b>(16,374)</b>     | <b>(106,484)</b> | <b>-118.17%</b>        |
| <b>Net Position</b>                        |                    |                     |                  |                        |
| Beginning Net Position, originally stated  | (176,960)          | (76,667)            | (100,293)        | -130.82%               |
| Prior Period Adjustment                    | -                  | (83,919)            | 83,919           | 100.00%                |
| <b>Total Net Position End of Year</b>      | <u>\$ (86,850)</u> | <u>\$ (176,960)</u> | <u>\$90,110</u>  | <u>50.92%</u>          |

**Revenues:**

In 2018, Union City Housing Authority's Housing Assistance Payments and Administrative Fees decreased \$43,714 from \$646,918 in 2017 to \$603,204.

Other income increased \$103,468 due to gain on the sale of capital assets.

**Expenses:**

Housing Assistance Payments (HAP) expenses increased \$7,395 from \$548,963 in 2017 to \$556,358 in 2018.

Depreciation decreased by \$9,475 in 2017 to \$2,547 in 2018, a change of \$6,928.

Interest expense increased from \$43,545 in 2017 to \$0 in 2018, due to the absorption of the Renovation Loan #1 with the sale of capital assets.

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
 Union City, Indiana

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

The detail of the Housing Authority's long term debt at year end is set forth below:

|                       | <u>BALANCE</u><br><u>10/1/17</u> | <u>ADDITIONS</u> | <u>REDUCTIONS</u> | <u>BALANCE</u><br><u>9/30/18</u> |
|-----------------------|----------------------------------|------------------|-------------------|----------------------------------|
| HUD repayment         | \$ 82,919                        | \$ -             | \$ 1,000          | \$ 81,919                        |
| Loans payable         | 120,691                          | -                | 120,691           | -                                |
| Net pension liability | <u>25,431</u>                    | <u>-</u>         | <u>6,747</u>      | <u>18,684</u>                    |
|                       | <u>\$ 229,041</u>                | <u>\$ -</u>      | <u>\$ 128,438</u> | <u>\$ 100,603</u>                |

At September 30, 2018, the Housing Authority owed \$81,919 to the Department of Housing and Urban Development due to a review of past transactions. The Housing Authority is required to make annual installments of \$1,000 on the first day of each calendar year. If the Housing Authority fails to submit a payment within 60 days of the due date, HUD reserves the right to charge a three percent monthly interest charge. If the Housing Authority submits a payment more than 90 days late, HUD reserves the right to declare the agreement null and void.

**Economic Factors**

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

**Contacting the Housing Authority's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Amy Holt, Executive Director, Union City Housing Authority, 321 West Oak Street, Union City, IN 47390, telephone number (765) 964-4544.

|                  | <u>9/30/17</u>   | <u>Increase</u> | <u>Decrease</u> | <u>9/30/18</u>   |
|------------------|------------------|-----------------|-----------------|------------------|
| HUD note payable | <u>\$ 80,919</u> | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 80,919</u> |

FINANCIAL STATEMENTS

Housing Authority of the City of Union City  
Union City, Indiana

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

**ASSETS**

**Current Assets**

|                                      |    |               |
|--------------------------------------|----|---------------|
| Cash and cash equivalents            | \$ | 3,472         |
| Restricted cash and cash equivalents |    | 6,792         |
| Accounts receivable - net            |    | 7,407         |
| Prepaid expenses                     |    | 5,105         |
| <b>Total Current Assets</b>          |    | <b>22,776</b> |

**Capital Assets**

|                                      |  |            |
|--------------------------------------|--|------------|
| Land and other nondepreciable assets |  | 0          |
| Depreciable capital assets, net      |  | 402        |
| <b>Total Capital Assets</b>          |  | <b>402</b> |

|                     |  |               |
|---------------------|--|---------------|
| <b>Total Assets</b> |  | <b>23,178</b> |
|---------------------|--|---------------|

**Deferred outflow of resources**

|                 |  |            |
|-----------------|--|------------|
| Pension related |  | 851        |
|                 |  | <b>851</b> |

|   |  |               |
|---|--|---------------|
| <b>Total Assets and Deferred Outflow of Resources</b> |  | <b>24,029</b> |
|---|--|---------------|

**LIABILITIES**

**Current liabilities**

|                                  |  |              |
|----------------------------------|--|--------------|
| Accounts payable                 |  | 1,000        |
| Accrued liabilities              |  | 5,633        |
| Tenant Security Deposits         |  | 650          |
| Current portion of notes payable |  | 0            |
| <b>Total Current Liabilities</b> |  | <b>7,283</b> |

**Noncurrent Liabilities**

|                                     |  |               |
|-------------------------------------|--|---------------|
| Net Pension Liability               |  | 18,684        |
| Notes payable                       |  | 80,919        |
| <b>Total Noncurrent Liabilities</b> |  | <b>99,603</b> |

|                          |  |                |
|--------------------------|--|----------------|
| <b>Total Liabilities</b> |  | <b>106,886</b> |
|--------------------------|--|----------------|

**Deferred inflow of resources**

|                 |  |              |
|-----------------|--|--------------|
| Pension related |  | 3,993        |
|                 |  | <b>3,993</b> |

**NET POSITION**

|                                  |    |                 |
|----------------------------------|----|-----------------|
| Net investment in capital assets |    | 402             |
| Restricted                       |    | 6,510           |
| Unrestricted                     |    | (93,762)        |
| <b>Total Net Position</b>        | \$ | <b>(86,850)</b> |

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

Housing Authority of the City of Union City  
Union City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

OPERATING REVENUES

|               |    |       |    |
|---------------|----|-------|----|
| Rental income | \$ | 4,900 | \$ |
| Other income  |    | 3,600 |    |

|                                |  |              |  |
|--------------------------------|--|--------------|--|
| <b>TOTAL OPERATING REVENUE</b> |  | <b>8,500</b> |  |
|--------------------------------|--|--------------|--|

OPERATING EXPENSES

|                                    |  |         |  |
|------------------------------------|--|---------|--|
| Administrative                     |  | 76,079  |  |
| Utilities                          |  | 5,061   |  |
| Ordinary maintenance and operation |  | 1,062   |  |
| General expense                    |  | 1,620   |  |
| Housing assistance payments        |  | 556,358 |  |
| Depreciation expense               |  | 2,547   |  |

|                                 |  |                |  |
|---------------------------------|--|----------------|--|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>642,727</b> |  |
|---------------------------------|--|----------------|--|

|                         |  |                  |  |
|-------------------------|--|------------------|--|
| OPERATING INCOME (LOSS) |  | <b>(634,227)</b> |  |
|-------------------------|--|------------------|--|

NONOPERATING REVENUES

|                                |  |         |  |
|--------------------------------|--|---------|--|
| Federal operating grants       |  | 603,204 |  |
| Interest income                |  | 16      |  |
| Gain on sale of capital assets |  | 121,117 |  |
| Interest expense               |  | 0       |  |

|                                    |  |                |  |
|------------------------------------|--|----------------|--|
| <b>TOTAL NONOPERATING REVENUES</b> |  | <b>724,337</b> |  |
|------------------------------------|--|----------------|--|

|                        |  |        |  |
|------------------------|--|--------|--|
| CHANGE IN NET POSITION |  | 90,110 |  |
|------------------------|--|--------|--|

|  |  |           |  |
|--|--|-----------|--|
| TOTAL NET POSITION - BEGINNING OF YEAR |  | (176,960) |  |
|--|--|-----------|--|

|                                  |    |                 |    |
|----------------------------------|----|-----------------|----|
| TOTAL NET POSITION - END OF YEAR | \$ | <b>(86,850)</b> | \$ |
|----------------------------------|----|-----------------|----|

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

Housing Authority of the City of Union City  
Union City, Indiana

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

CASH FLOWS FROM OPERATING ACTIVITIES

|  |    |                  |
|--|----|------------------|
| Receipts from tenants and other deposits     | \$ | 9,135            |
| Payments to vendors                          |    | (90,913)         |
| Payments to landlords                        |    | (556,358)        |
| Payments to employees                        |    | (64,911)         |
| <b>Net Cash Used by Operating Activities</b> |    | <b>(703,047)</b> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

|   |  |                |
|---|--|----------------|
| Federal operating grants received                                     |  | 603,204        |
| <b>Net Cash Flows Provided<br/>by Noncapital Financing Activities</b> |  | <b>603,204</b> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |  |               |
|---|--|---------------|
| Mortgage principal payments   |  | (121,691)     |
| Gain on the sale of capital assets  |  | 121,117       |
| Interest  |  | 16            |
| Acquisition and construction of capital assets  |  | 70,883        |
| <b>Net Cash Flows Provided (Used)<br/>by Capital and Related Financing Activities</b> |  | <b>70,325</b> |

CASH FLOWS FROM INVESTING ACTIVITIES

|  |  |          |
|--|--|----------|
| Interest received                                |  | 0        |
| <b>Net Cash Provided by Investing Activities</b> |  | <b>0</b> |

Net Increase (Decrease) in Cash and Cash Equivalents (29,518)

Cash - Beginning of year 39,782

Cash - End of year \$ 10,264

|  |           |               |
|--|-----------|---------------|
| Reconciliation of Cash                 |           |               |
| Unrestricted                           | \$        | 3,472         |
| Restricted                             |           | 6,792         |
| <b>Total Cash and Cash Equivalents</b> | <b>\$</b> | <b>10,264</b> |

Continued

Housing Authority of the City of Union City  
Union 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)  | \$ | (634,227)               |
| Adjustments to reconcile net operating income to net cash<br>Provided by operating activities: |    |                         |
| Depreciation   |    | 2,547                   |
| Changes in operating assets and liabilities:   |    |                         |
| (Increase) Decrease in:  |    |                         |
| Accounts receivable  |    | 635                     |
| Prepaid expenses   |    | (4,969)                 |
| Increase (Decrease) in:  |    |                         |
| Accounts payable   |    | 1,000                   |
| Accrued liabilities  |    | (68,108)                |
| Pension related  |    | 75                      |
| <b>Net Cash Flows Provided</b>   |    |                         |
| <b>by Operating Activities</b>   | \$ | <u><u>(703,047)</u></u> |

The accompanying notes are an integral part of these financial statements

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**NOTE A - Summary of Significant Accounting Policies**

**Reporting Entity** - The Housing Authority is a separate governmental entity created for the purpose of providing rental assistance to low income, disabled, and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

**Programs Administered by the Housing Authority** - The programs of the Housing Authority are recorded in one enterprise fund. Each is maintained using a separate set of self-balancing accounts. The programs include Housing Choice Vouchers and Business Activities.

**Basis of Accounting and Measurement Focus** - The Housing Authority's basic financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rent collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and all liabilities and deferred inflows of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Cash and Investments** - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Cash and Investments - Restricted** - Restricted cash and investments are segregated resources for unspent housing assistance payments and tenant security deposits.

**Accounts Receivable** - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$0 at September 30, 2018.

**Prepaid Items** - Prepaid items represent payments made to vendors for services that will benefit beyond September 30, 2018.

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

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Capital Assets** - Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The Housing Authority capitalized all assets with a cost of \$1,500 or greater and a useful life of one year or more. Buildings and equipment are carried at cost or fair market value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

|                                  |            |
|----------------------------------|------------|
| Buildings and improvements       | 5-40 years |
| Maintenance and office equipment | 3-10 years |

**Impairment of Long-Lived Assets** - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recorded if the fair value is less than the carrying value of an asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended September 30, 2018.

**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 Housing Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences related to future services or that are contingent on a specific event that is outside the control of the Housing Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place. The balance of accrued compensated absences as of September 30, 2018 was \$436.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority has one item that qualifies for reporting in this category. The deferred outflows of resources are related to the Indiana Public Retirement System. The deferred outflows of resources result from changes in the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority has one item that qualifies for reporting in this category. The deferred inflows of resources are related to the Indiana Public Retirement System. The deferred inflows of resources result from changes in the pension plan.

**Net Position Classifications** - Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Federal Aids** - Federal aids for reimbursable programs are recognized as revenue in the year the related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana Public Retirement System (INPRS) and additions to/deductions from INPRS' fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Due To/From Other Programs** - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

**Interprogram Transactions** - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

**Rental Income** - Rental income is recognized as rents become due.

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

**Subsequent Events** - The Housing Authority has evaluated subsequent events through June 14, 2019, the date which the financial statements were available to be issued.

**NOTE B - Cash and Investments**

HUD requires housing 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 Housing Authority or with an unaffiliated bank or trust company for the account of the Housing Authority.

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

No significant violations of these restrictions occurred during the year.

**Fair (Market) Value of Deposits and Investments** - Deposits and investments are reported at fair value. At September 30, 2018, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

**Determining Fair Value** - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating accounts, savings accounts, certificates of deposit, repurchase agreements, and money market accounts) are stated at cost.

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018  
 (Continued)

**NOTE B - Cash and Investments - Continued**

**Income Allocation** - Investment income is generally allocated to the program that owns the deposit or investment.

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Housing Authority's investment policy limits the Housing Authority's investment portfolio to maturities not to exceed two years at time of purchase. At September 30, 2018, the Housing Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

**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 Housing 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.

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

At September 30, 2018, the Housing Authority's the bank balance was \$21,448. The deposits are either covered by federal depository insurance, by collateral help by the Housing Authority's agent in the Housing Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement.

**NOTE C - Capital Assets**

A summary of changes in capital assets is as follows:

|  | BALANCE<br><u>10/01/2017</u> | ADDITIONS         | RETIREMENTS        | BALANCE<br><u>09/30/2018</u> |
|--|------------------------------|-------------------|--------------------|------------------------------|
| Capital assets not being depreciated                                       |                              |                   |                    |                              |
| Land   | \$ -                         | \$ -              | \$ -               | \$ -                         |
| Capital assets being depreciated   |                              |                   |                    |                              |
| Building and improvements  | 144,635                      | -                 | (144,635)          | -                            |
| Furniture, Equipment, & Machinery  | <u>14,909</u>                | -                 | <u>(2,695)</u>     | <u>12,214</u>                |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED                                     | 159,544                      | -                 | (147,330)          | 12,214                       |
| Less accumulated depreciation  | <u>(85,712)</u>              | <u>(9,407)</u>    | <u>83,307</u>      | <u>(11,812)</u>              |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED,<br>NET OF ACCUMULATED DEPRECIATION | <u>73,832</u>                | <u>(9,407)</u>    | <u>(64,023)</u>    | <u>402</u>                   |
| NET CAPITAL ASSETS   | <u>\$ 73,832</u>             | <u>\$ (9,407)</u> | <u>\$ (64,023)</u> | <u>\$ 402</u>                |

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018  
(Continued)

**NOTE D - Indiana Public Retirement System**

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

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

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

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

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

A member who is at least 55 years old with sum of age and vesting service equal to 85 or more is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit

In lieu of a cost of living adjustment (COLA) on January 1, 2019, members in pay were provided a 13<sup>th</sup> check on October 1, 2018.

The PERF hybrid plan also provides disability and survivor benefits.

**Contributions** - Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During 2018, all participating employers contributed an average of 11.2% of covered payroll. The authority's required contribution to the plan for the fiscal year ended September 30, 2018 was \$3,145. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

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

At September 30, 2018, the Housing Authority reported a liability of \$18,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2018, the Housing Authority's proportion was 0.0000055%, which was a decrease of 0.0000002% from its proportion measured as of June 30, 2017.

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

**NOTE D - Indiana Public Retirement System (continued)**

For the year ended September 30, 2018, the Housing Authority recognized pension expense of \$2,224.

At September 30, 2018, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$244                                | \$1                                 |
| Net differences between projected and actual earnings on pension plan investments                             | 553                                  | -                                   |
| Changes in assumptions  | 45                                   | 3,000                               |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9                                    | 992                                 |
| Employer contributions subsequent to the measurement date   | -                                    | -                                   |
| <b>Total</b>  | <b>\$851</b>                         | <b>\$3,993</b>                      |

There was \$-0- reported as deferred outflows related to pension resulting from the INPRS Employer's contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended<br>December 31: | Amortization of net<br>deferred outflows<br>(inflows) or resources |
|----------------------------|--|
| 2019                       | (\$242)  |
| 2020                       | (1,004)  |
| 2021                       | (1,566)  |
| 2022                       | (330)  |
| Total                      | 3,142  |

**Actuarial Assumptions** - The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |  |
|---|--|
| Actuarial Valuation Date:                 | June 30, 2017  |
| Measurement Date of Net Pension Liability | June 30, 2018  |
| Actuarial Cost Method:                    | Entry Age Normal – Level Percent of Payroll  |
| Asset Valuation Method:                   | Fair Market Value  |
| Long-Term Expected Rate of Return:        | 6.75%  |
| Discount Rate:                            | 6.75%  |
| Salary Increases:                         |  |
| Inflation                                 | 2.25%  |
| Productive, Merit, and Promotion          | 0.25-2.00%   |
| Mortality:                                | RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report. |

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2018  
 (Continued)

**NOTE D - Indiana Public Retirement System (continued)**

Actuarial assumptions are based upon an experience study completed in April 2015 using experience between June 30, 2010 and June 30, 2014. The demographic assumptions were updated as needed for the June 30, 2015 actuarial valuation based on the results of the study. The total pension liability for June 30, 2018 is based upon a roll-forward of the liability calculated from the June 30, 2017 actuarial valuation.

**Long-Term Expected Return on Plan Assets** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and Expected Returns (as of June 30, 2018)**

| <u>Asset Class</u>               | Current<br>Asset<br>Allocation<br>% | Target Range<br>% |
|----------------------------------|-------------------------------------|-------------------|
| Public Equity                    | 22.1                                | 22.0              |
| Private Markets                  | 12.2                                | 14.0              |
| Fixed Income-Ex Inflation-Linked | 19.8                                | 320.0             |
| Fixed Income-Inflation-Linked    | 7.4                                 | 7.0               |
| Commodities                      | 9.0                                 | 8.0               |
| Real Estate                      | 6.1                                 | 7.0               |
| Absolute Return                  | 10.2                                | 10.0              |
| Risk Party                       | 12.1                                | 12.0              |
| Cash + Cash Overlay              | 1.1                                 | N/A               |
| Total                            | 100%                                | 100%              |

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

**Sensitivity of the Housing Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

|   | 1% Decrease to<br>Discount Rate<br>(5.75%) | Current Discount<br>Rate<br>(6.75%) | 1% Increase To<br>Discount Rate<br>(7.75%) |
|---|--|-------------------------------------|--|
| Union City's proportionate share of the net pension liability | \$29,411                                   | \$18,684                            | \$9,738                                    |

**HOUSING AUTHORITY OF THE CITY OF UNION CITY**  
**Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

**NOTE D - Indiana Public Retirement System (continued)**

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at [https://www.in.gov/inprs/files/2018\\_INPRSCAFRBook.pdf](https://www.in.gov/inprs/files/2018_INPRSCAFRBook.pdf).

**Payables to the Pension Plan**

At September 30, 2018, the Housing Authority reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

**NOTE E - Long-Term Obligations**

Details of the Housing Authority's long-term obligations are set forth below:

**Summary of Long-Term Obligations**

|                       | <u>BALANCE</u><br><u>10/1/17</u> | <u>ADDITIONS</u> | <u>REDUCTIONS</u> | <u>BALANCE</u><br><u>9/30/18</u> | <u>AMOUNT</u><br><u>DUE WITHIN</u><br><u>ONE YEAR</u> |
|-----------------------|----------------------------------|------------------|-------------------|----------------------------------|---|
| HUD repayment         | \$ 82,919                        | \$ -             | \$ 1,000          | \$ 81,919                        | \$ 1,000  |
| Loans payable         | 120,691                          | -                | 120,691           | -                                | -   |
| Net pension liability | <u>25,431</u>                    | <u>-</u>         | <u>6,747</u>      | <u>18,684</u>                    | <u>-</u>  |
|                       | <u>\$ 229,041</u>                | <u>\$ -</u>      | <u>\$ 128,438</u> | <u>\$ 100,603</u>                | <u>\$ 1,000</u>                                       |

At September 30, 2018, the Housing Authority owed \$81,919 to the Department of Housing and Urban Development due to a review of past transactions. The Housing Authority is required to make annual installments of \$1,000 on the first day of each calendar year. If the Housing Authority fails to submit a payment within 60 days of the due date, HUD reserves the right to charge a three percent monthly interest charge. If the Housing Authority submits a payment more than 90 days late, HUD reserves the right to declare the agreement null and void.

**NOTE F - Risk Management**

**Insured Risk** - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, and omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE G - Net Position**

The following is a summary of individual net position restrictions at September 30, 2018:

| <u>PROGRAM</u>            | <u>PURPOSE/REASON</u>   | <u>AMOUNT</u>   |
|---------------------------|-------------------------|-----------------|
| <u>Restrictions</u>       |                         |                 |
| Section 8 Choice Vouchers | Future HAP expenditures | <u>\$ 6,510</u> |

**HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

**NOTE H - Economic Dependency**

The Housing Authority received approximately 82 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan  
Last Ten Fiscal Years\*

|  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|
| Housing Authority of the City of Union City proportion<br>Of the net pension liability   | .00061      | .00060      | .00057      | .00055      |
| <br>   |             |             |             |             |
| Housing Authority of the City of Union City proportionate<br>share of the net pension liability  | \$ 4,163    | \$ 5,146    | \$5,022     | \$4,846     |
| <br>   |             |             |             |             |
| Housing Authority of the City of Union City covered<br><br>employee payroll  | \$ 29,160   | \$ 28,620   | \$28,080    | \$28,080    |
| <br>   |             |             |             |             |
| Housing Authority of the City of Union City proportionate<br>share of the net pension liability<br>as a percentage of it's covered employee<br>payroll | 14.27       | 18.33       | 17.88       | 17.26       |

Note: Additional years information will be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF UNION CITY CONTRIBUTIONS

INPRS Pension Plan  
Last Ten Fiscal Years\*

|  | <u>2015</u>     | <u>2016</u>     | <u>2017</u>     | <u>2018</u>  |
|--|-----------------|-----------------|-----------------|--------------|
| Contractually required contribution                                  | \$ 3,145        | \$ 3,205        | \$ 3,145        | \$ 3,145     |
| Contributions in relation to the contractually required contribution | <u>\$ 3,145</u> | <u>\$ 3,205</u> | <u>\$ 3,145</u> | <u>3,145</u> |
| Contribution deficiency (excess)                                     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>  |
| Housing Authority of the City of Union City covered employee payroll | \$ 29,160       | \$ 28,620       | \$28,080        | \$28,080     |
| Contributions as a percentage of covered employee payroll            | 10.79%          | 11.2%           | 11.2%           | 11.2%        |

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

Housing Authority of the City of Union City  
Union City, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION  
SEPTEMBER 30, 2018

|   | IN046              |                 |                    |
|---|--------------------|-----------------|--------------------|
|   | Section 8          |                 |                    |
|   | Voucher            | Business        |                    |
|   | Program            | Activities      | Total              |
| <b><u>ASSETS</u></b>                                  |                    |                 |                    |
| <b><u>Current Assets</u></b>                          |                    |                 |                    |
| Cash and cash equivalents                             | \$ 3,472           | \$ 0            | \$ 3,472           |
| Restricted cash and cash equivalents                  | 6,510              | 282             | 6,792              |
| Accounts receivable - net                             | 7,407              | 0               | 7,407              |
| Prepaid expenses                                      | 5,105              | 0               | 5,105              |
| Interprogram due from                                 | 0                  | 0               | 0                  |
| <b>Total Current Assets</b>                           | <b>22,494</b>      | <b>282</b>      | <b>22,776</b>      |
| <b><u>Capital Assets</u></b>                          |                    |                 |                    |
| Land and other nondepreciable assets                  | 0                  | 0               | 0                  |
| Depreciable capital assets, net                       | 402                | 0               | 402                |
| <b>Total Capital Assets</b>                           | <b>402</b>         | <b>0</b>        | <b>402</b>         |
| <b>Total Assets</b>                                   | <b>22,896</b>      | <b>282</b>      | <b>23,178</b>      |
| <b><u>Deferred outflow of resources</u></b>           |                    |                 |                    |
| Pension related                                       | 851                | 0               | 851                |
| <b>Total Assets and Deferred Outflow of Resources</b> | <b>23,747</b>      | <b>282</b>      | <b>24,029</b>      |
| <b><u>LIABILITIES</u></b>                             |                    |                 |                    |
| <b><u>Current liabilities</u></b>                     |                    |                 |                    |
| Accounts payable                                      | 1,000              | 0               | 1,000              |
| Accrued liabilities                                   | 5,633              | 0               | 5,633              |
| Tenant Security Deposits                              | 0                  | 650             | 650                |
| Current portion of notes payable                      | 0                  | 0               | 0                  |
| Interprogram due to                                   | 0                  | 0               | 0                  |
| <b>Total Current Liabilities</b>                      | <b>6,633</b>       | <b>650</b>      | <b>7,283</b>       |
| <b><u>Noncurrent Liabilities</u></b>                  |                    |                 |                    |
| Net Pension Liability                                 | 18,684             | 0               | 18,684             |
| Notes payable   | 80,919             | 0               | 80,919             |
| <b>Total Noncurrent Liabilities</b>                   | <b>99,603</b>      | <b>0</b>        | <b>99,603</b>      |
| <b>Total Liabilities</b>                              | <b>106,236</b>     | <b>650</b>      | <b>106,886</b>     |
| <b><u>Deferred inflow of resources</u></b>            |                    |                 |                    |
| Pension related                                       | 3,993              | 0               | 3,993              |
| <b><u>NET POSITION</u></b>                            |                    |                 |                    |
| Net investment in capital assets                      | 402                | 0               | 402                |
| Restricted  | 6,510              | 0               | 6,510              |
| Unrestricted  | (93,394)           | (368)           | (93,762)           |
| <b>Total Net Position</b>                             | <b>\$ (86,482)</b> | <b>\$ (368)</b> | <b>\$ (86,850)</b> |

Housing Authority of the City of Union City  
Union City, Indiana

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

|  | IN046                           |                        | Total              |
|--|---------------------------------|------------------------|--------------------|
|  | Section 8<br>Voucher<br>Program | Business<br>Activities |                    |
| <b><u>OPERATING REVENUES</u></b>               |                                 |                        |                    |
| Rental income                                  | \$ 0                            | \$ 4,900               | \$ 4,900           |
| Other income                                   | 0                               | 3,600                  | 3,600              |
| <b>TOTAL OPERATING REVENUE</b>                 | <b>0</b>                        | <b>8,500</b>           | <b>8,500</b>       |
| <b><u>OPERATING EXPENSES</u></b>               |                                 |                        |                    |
| Administrative                                 | 63,426                          | 12,653                 | 76,079             |
| Utilities                                      | 2,473                           | 2,588                  | 5,061              |
| Ordinary maintenance and operation             | 220                             | 842                    | 1,062              |
| General expense                                | 1,042                           | 578                    | 1,620              |
| Housing assistance payments                    | 556,358                         | 0                      | 556,358            |
| Depreciation expense                           | 2,547                           | 0                      | 2,547              |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>626,066</b>                  | <b>16,661</b>          | <b>642,727</b>     |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>(626,066)</b>                | <b>(8,161)</b>         | <b>(634,227)</b>   |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                                 |                        |                    |
| Federal operating grants                       | 603,204                         | 0                      | 603,204            |
| Interest income                                | 12                              | 4                      | 16                 |
| Gain on sale of capital assets                 | (16,030)                        | 137,147                | 121,117            |
| Interest expense                               | 0                               | 0                      | 0                  |
| <b>TOTAL NONOPERATING REVENUES</b>             | <b>587,186</b>                  | <b>137,151</b>         | <b>724,337</b>     |
| <b>CHANGE IN NET POSITION</b>                  | <b>(38,880)</b>                 | <b>128,990</b>         | <b>90,110</b>      |
| <b>TOTAL NET POSITION - BEGINNING OF YEAR</b>  | <b>(47,602)</b>                 | <b>(129,358)</b>       | <b>(176,960)</b>   |
| <b>TOTAL NET POSITION - END OF YEAR</b>        | <b>\$ (86,482)</b>              | <b>\$ (368)</b>        | <b>\$ (86,850)</b> |

Housing Authority of the City of Union City (IN086)  
 UNION CITY, IN  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

|   | 14.871 Housing<br>Choice Vouchers | 1 Business<br>Activities | Subtotal  | Total     |
|---|-----------------------------------|--------------------------|-----------|-----------|
| 111 Cash - Unrestricted   | \$3,472                           |                          | \$3,472   | \$3,472   |
| 112 Cash - Restricted - Modernization and Development             |                                   |                          |           |           |
| 113 Cash - Other Restricted                                       | \$6,510                           |                          | \$6,510   | \$6,510   |
| 114 Cash - Tenant Security Deposits                               |                                   | \$282                    | \$282     | \$282     |
| 115 Cash - Restricted for Payment of Current Liabilities          |                                   |                          |           |           |
| 100 Total Cash  | \$9,982                           | \$282                    | \$10,264  | \$10,264  |
| 121 Accounts Receivable - PHA Projects                            |                                   |                          |           |           |
| 122 Accounts Receivable - HUD Other Projects                      |                                   |                          |           |           |
| 124 Accounts Receivable - Other Government                        |                                   |                          |           |           |
| 125 Accounts Receivable - Miscellaneous                           |                                   |                          |           |           |
| 126 Accounts Receivable - Tenants                                 |                                   |                          |           |           |
| 126.1 Allowance for Doubtful Accounts -Tenants                    |                                   |                          |           |           |
| 126.2 Allowance for Doubtful Accounts - Other                     |                                   |                          |           |           |
| 127 Notes, Loans, & Mortgages Receivable - Current                |                                   |                          |           |           |
| 128 Fraud Recovery  | \$7,407                           |                          | \$7,407   | \$7,407   |
| 128.1 Allowance for Doubtful Accounts - Fraud                     | \$0                               |                          | \$0       | \$0       |
| 129 Accrued Interest Receivable                                   |                                   |                          |           |           |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$7,407                           | \$0                      | \$7,407   | \$7,407   |
| 131 Investments - Unrestricted                                    |                                   |                          |           |           |
| 132 Investments - Restricted                                      |                                   |                          |           |           |
| 135 Investments - Restricted for Payment of Current Liability     |                                   |                          |           |           |
| 142 Prepaid Expenses and Other Assets                             | \$4,905                           |                          | \$4,905   | \$4,905   |
| 143 Inventories   | \$200                             |                          | \$200     | \$200     |
| 143.1 Allowance for Obsolete Inventories                          | \$0                               |                          | \$0       | \$0       |
| 144 Inter Program Due From  |                                   |                          |           |           |
| 145 Assets Held for Sale  |                                   |                          |           |           |
| 150 Total Current Assets  | \$22,494                          | \$282                    | \$22,776  | \$22,776  |
| 161 Land  |                                   |                          |           |           |
| 162 Buildings   |                                   |                          |           |           |
| 163 Furniture, Equipment & Machinery - Dwellings                  |                                   |                          |           |           |
| 164 Furniture, Equipment & Machinery - Administration             | \$12,214                          |                          | \$12,214  | \$12,214  |
| 165 Leasehold Improvements  |                                   |                          |           |           |
| 166 Accumulated Depreciation                                      | -\$11,812                         |                          | -\$11,812 | -\$11,812 |
| 167 Construction in Progress                                      |                                   |                          |           |           |
| 168 Infrastructure  |                                   |                          |           |           |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$402                             | \$0                      | \$402     | \$402     |
| 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                                      | \$402                             | \$0                      | \$402     | \$402     |
| 200 Deferred Outflow of Resources                                 | \$851                             |                          | \$851     | \$851     |
| 290 Total Assets and Deferred Outflow of Resources                | \$23,747                          | \$282                    | \$24,029  | \$24,029  |
| 311 Bank Overdraft  |                                   |                          |           |           |
| 312 Accounts Payable <= 90 Days                                   |                                   |                          |           |           |
| 313 Accounts Payable >90 Days Past Due                            |                                   |                          |           |           |

|       |   |           |        |           |           |
|-------|---|-----------|--------|-----------|-----------|
| 321   | Accrued Wage/Payroll Taxes Payable                                    | \$5,197   |        | \$5,197   | \$5,197   |
| 322   | Accrued Compensated Absences - Current Portion                        | \$436     |        | \$436     | \$436     |
| 324   | Accrued Contingency Liability   |           |        |           |           |
| 325   | Accrued Interest Payable  |           |        |           |           |
| 331   | Accounts Payable - HUD PHA Programs                                   | \$1,000   |        | \$1,000   | \$1,000   |
| 332   | Account Payable - PHA Projects  |           |        |           |           |
| 333   | Accounts Payable - Other Government                                   |           |        |           |           |
| 341   | Tenant Security Deposits  |           | \$650  | \$650     | \$650     |
| 342   | Unearned Revenue  |           |        |           |           |
| 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  |           |        |           |           |
| 348   | Loan Liability - Current  |           |        |           |           |
| 310   | Total Current Liabilities   | \$6,633   | \$650  | \$7,283   | \$7,283   |
| 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                                       | \$80,919  |        | \$80,919  | \$80,919  |
| 354   | Accrued Compensated Absences - Non Current                            |           |        |           |           |
| 355   | Loan Liability - Non Current  |           |        |           |           |
| 356   | FASB 5 Liabilities  |           |        |           |           |
| 357   | Accrued Pension and OPEB Liabilities                                  | \$18,684  |        | \$18,684  | \$18,684  |
| 350   | Total Non-Current Liabilities   | \$99,603  | \$0    | \$99,603  | \$99,603  |
| 300   | Total Liabilities   | \$106,236 | \$650  | \$106,886 | \$106,886 |
| 400   | Deferred Inflow of Resources  | \$3,993   |        | \$3,993   | \$3,993   |
| 508.4 | Net Investment in Capital Assets                                      | \$402     |        | \$402     | \$402     |
| 511.4 | Restricted Net Position   | \$6,510   |        | \$6,510   | \$6,510   |
| 512.4 | Unrestricted Net Position   | -\$93,394 | -\$368 | -\$93,762 | -\$93,762 |
| 513   | Total Equity - Net Assets / Position                                  | -\$86,482 | -\$368 | -\$86,850 | -\$86,850 |
| 600   | Total Liabilities, Deferred Inflows of Resources and Equity - Net     | \$23,747  | \$282  | \$24,029  | \$24,029  |

Housing Authority of the City of Union City (IN086)  
 UNION CITY, IN  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

|   | 14.871 Housing<br>Choice Vouchers | 1 Business<br>Activities | Subtotal  | Total     |
|---|-----------------------------------|--------------------------|-----------|-----------|
| 70300 Net Tenant Rental Revenue                         |                                   | \$4,353                  | \$4,353   | \$4,353   |
| 70400 Tenant Revenue - Other                            |                                   | \$547                    | \$547     | \$547     |
| 70500 Total Tenant Revenue                              | \$0                               | \$4,900                  | \$4,900   | \$4,900   |
| 70600 HUD PHA Operating Grants                          | \$603,204                         |                          | \$603,204 | \$603,204 |
| 70610 Capital Grants                                    |                                   |                          |           |           |
| 70710 Management Fee                                    |                                   |                          |           |           |
| 70720 Asset Management Fee                              |                                   |                          |           |           |
| 70730 Book Keeping Fee                                  |                                   |                          |           |           |
| 70740 Front Line Service Fee                            |                                   |                          |           |           |
| 70750 Other Fees  |                                   |                          |           |           |
| 70700 Total Fee Revenue                                 |                                   |                          |           |           |
| 70800 Other Government Grants                           |                                   |                          |           |           |
| 71100 Investment Income - Unrestricted                  | \$12                              | \$4                      | \$16      | \$16      |
| 71200 Mortgage Interest Income                          |                                   |                          |           |           |
| 71300 Proceeds from Disposition of Assets Held for Sale |                                   |                          |           |           |
| 71310 Cost of Sale of Assets                            |                                   |                          |           |           |
| 71400 Fraud Recovery                                    |                                   |                          |           |           |
| 71500 Other Revenue                                     |                                   | \$3,600                  | \$3,600   | \$3,600   |
| 71600 Gain or Loss on Sale of Capital Assets            | -\$16,030                         | \$137,147                | \$121,117 | \$121,117 |
| 72000 Investment Income - Restricted                    |                                   |                          |           |           |
| 70000 Total Revenue                                     | \$587,186                         | \$145,651                | \$732,837 | \$732,837 |
| 91100 Administrative Salaries                           | \$41,080                          |                          | \$41,080  | \$41,080  |
| 91200 Auditing Fees                                     | \$3,275                           |                          | \$3,275   | \$3,275   |
| 91300 Management Fee                                    |                                   |                          |           |           |
| 91310 Book-keeping Fee                                  |                                   |                          |           |           |
| 91400 Advertising and Marketing                         |                                   |                          |           |           |
| 91500 Employee Benefit contributions - Administrative   | \$7,893                           |                          | \$7,893   | \$7,893   |
| 91600 Office Expenses                                   | \$6,190                           | \$5,633                  | \$11,823  | \$11,823  |
| 91700 Legal Expense                                     |                                   | \$6,468                  | \$6,468   | \$6,468   |
| 91800 Travel  |                                   |                          |           |           |
| 91810 Allocated Overhead                                |                                   |                          |           |           |
| 91900 Other   | \$4,988                           | \$552                    | \$5,540   | \$5,540   |
| 91000 Total Operating - Administrative                  | \$63,426                          | \$12,653                 | \$76,079  | \$76,079  |
| 92000 Asset Management Fee                              |                                   |                          |           |           |
| 92100 Tenant Services - Salaries                        |                                   |                          |           |           |
| 92200 Relocation Costs                                  |                                   |                          |           |           |
| 92300 Employee Benefit Contributions - Tenant Services  |                                   |                          |           |           |
| 92400 Tenant Services - Other                           |                                   |                          |           |           |
| 92500 Total Tenant Services                             | \$0                               | \$0                      | \$0       | \$0       |
| 93100 Water   | \$257                             | \$870                    | \$1,127   | \$1,127   |
| 93200 Electricity                                       | \$1,960                           | \$1,718                  | \$3,678   | \$3,678   |
| 93300 Gas   | \$256                             |                          | \$256     | \$256     |
| 93400 Fuel  |                                   |                          |           |           |
| 93500 Labor   |                                   |                          |           |           |
| 93600 Sewer   |                                   |                          |           |           |
| 93700 Employee Benefit Contributions - Utilities        |                                   |                          |           |           |
| 93800 Other Utilities Expense                           |                                   |                          |           |           |
| 93000 Total Utilities                                   | \$2,473                           | \$2,588                  | \$5,061   | \$5,061   |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| 94100 Ordinary Maintenance and Operations - Labor                      |           |           |           |           |
| 94200 Ordinary Maintenance and Operations - Materials and Other        | \$20      | \$51      | \$71      | \$71      |
| 94300 Ordinary Maintenance and Operations Contracts                    | \$200     | \$791     | \$991     | \$991     |
| 94500 Employee Benefit Contributions - Ordinary Maintenance            |           |           |           |           |
| 94000 Total Maintenance  | \$220     | \$842     | \$1,062   | \$1,062   |
| 95100 Protective Services - Labor                                      |           |           |           |           |
| 95200 Protective Services - Other Contract Costs                       |           |           |           |           |
| 95300 Protective Services - Other                                      |           |           |           |           |
| 95500 Employee Benefit Contributions - Protective Services             |           |           |           |           |
| 95000 Total Protective Services  | \$0       | \$0       | \$0       | \$0       |
| 96110 Property Insurance   |           |           |           |           |
| 96120 Liability Insurance  |           | \$578     | \$578     | \$578     |
| 96130 Workmen's Compensation   |           |           |           |           |
| 96140 All Other Insurance  | \$1,933   |           | \$1,933   | \$1,933   |
| 96100 Total insurance Premiums   | \$1,933   | \$578     | \$2,511   | \$2,511   |
| 96200 Other General Expenses   |           |           |           |           |
| 96210 Compensated Absences   | -\$996    |           | -\$996    | -\$996    |
| 96300 Payments in Lieu of Taxes  |           |           |           |           |
| 96400 Bad debt - Tenant Rents  | \$105     |           | \$105     | \$105     |
| 96500 Bad debt - Mortgages   |           |           |           |           |
| 96600 Bad debt - Other   |           |           |           |           |
| 96800 Severance Expense  |           |           |           |           |
| 96000 Total Other General Expenses                                     | -\$891    | \$0       | -\$891    | -\$891    |
| 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       |
| 96900 Total Operating Expenses   | \$87,161  | \$16,661  | \$83,822  | \$83,822  |
| 97000 Excess of Operating Revenue over Operating Expenses              | \$520,025 | \$128,990 | \$649,015 | \$649,015 |
| 97100 Extraordinary Maintenance  |           |           |           |           |
| 97200 Casualty Losses - Non-capitalized                                |           |           |           |           |
| 97300 Housing Assistance Payments                                      | \$556,358 |           | \$556,358 | \$556,358 |
| 97350 HAP Portability-In   |           |           |           |           |
| 97400 Depreciation Expense   | \$2,547   |           | \$2,547   | \$2,547   |
| 97500 Fraud Losses   |           |           |           |           |
| 97600 Capital Outlays - Governmental Funds                             |           |           |           |           |
| 97700 Debt Principal Payment - Governmental Funds                      |           |           |           |           |
| 97800 Dwelling Units Rent Expense                                      |           |           |           |           |
| 90000 Total Expenses   | \$626,066 | \$16,661  | \$642,727 | \$642,727 |
| 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       |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$38,880 | \$128,990 | \$90,110  | \$90,110  |

|   |           |            |            |            |
|---|-----------|------------|------------|------------|
| 11020 Required Annual Debt Principal Payments                             | \$0       | \$0        | \$0        | \$0        |
| 11030 Beginning Equity  | -\$47,602 | -\$129,358 | -\$176,950 | -\$176,960 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$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   | -\$92,992 |            | -\$92,992  | -\$92,992  |
| 11180 Housing Assistance Payments Equity                                  | \$6,510   |            | \$6,510    | \$6,510    |
| 11190 Unit Months Available   | 1673      | 36         | 1709       | 1709       |
| 11210 Number of Unit Months Leased  | 1673      | 36         | 1709       | 1709       |
| 11270 Excess Cash   |           |            |            |            |
| 11610 Land Purchases  |           |            |            |            |
| 11620 Building Purchases  |           |            |            |            |
| 11630 Furniture & Equipment - Dwelling Purchases                          |           |            |            |            |
| 11640 Furniture & Equipment - Administrative Purchases                    |           |            |            |            |
| 11650 Leasehold Improvements Purchases                                    |           |            |            |            |
| 11660 Infrastructure Purchases  |           |            |            |            |
| 13510 CFPF Debt Service Payments  |           |            |            |            |
| 13901 Replacement Housing Factor Funds                                    |           |            |            |            |

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union 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.

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 Union City  
321 W Oak Street  
Union City, Indiana 47390

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 Union 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 Union 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 Union 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 Union City's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Union 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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Cost that I consider to be significant deficiencies as items 2018-001 and 2018-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Union 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 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 Cost as items 2018-001 and 2018-002.

**Housing Authority of the City of Union City's Response to Findings**

The Housing Authority of the City of Union City's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Responses. Housing Authority of the City of Union City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**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  
June 14, 2019

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

SEPTEMBER 30, 2018

SCHEDULE OF FINDINGS AND RESPONSES

PRIOR YEAR FINDINGS

2017-001

RENTAL RECEIPT PROCESS:

PRIOR  
CONDITION:

The Authority does not have systems in place to properly account for rental income.

CURRENT  
CONDITION:

Continues as 2018-001.

This finding continues as of 2018-001.

2017-002

SEMAP:

PRIOR  
CONDITION:

The Authority did not properly prepare the Section 8 management assessment form (SEMAP).

CURRENT  
CONDITION:

Continues as 2018-002.

This finding continues as 2018-002.

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

SEPTEMBER 30, 2018  
SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

CURRENT YEAR FINDINGS

2018-001 CURRENT  
CONDITION:

RENTAL RECEIPT PROCESS:

The Authority does not have systems in place to properly account for rental income. The records do not show beginning and ending balances and monthly transactions.

CRITERIA:

HUD rules and regulations require a system of internal controls for annual contributions contracts and the cash receipts process for rental collections. HUD guidebooks recommend specific formats for rental records.

CAUSE/EFFECT:

The Authority acquired an apartment building and did not put an adequate system in place to record rental transactions.

RECOMMENDATION:

I recommend the Authority implement proper internal controls and improve the rental register and daily statement of operations to be more in conformity with HUD recommended documentation. The Authority should place greater emphasis on safe keeping its records and ensuring all information requested is readily available for audit examination. The records should be made more complete so that the transactions are clear.

REPLY:

The Housing Authority will be adopting a new policy concerning rental receipts. This includes a rental register, monthly statement of operations, and recordkeeping policies. This policy will be effective December 31, 2018.

DISCUSSED WITH:

Amy Holt 1/29/19

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

SEPTEMBER 30, 2018  
SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

CURRENT YEAR FINDINGS

Continued

2018-002

SEMAP:

CURRENT  
CONDITION:

The Authority did not properly prepare the Section 8 management assessment form (SEMAP). Improper reporting may effect future findings.

CRITERIA:

HUD rules and regulations require the rules at 24 CFR section 982 to be followed.

CAUSE/EFFECT:

The Authority does not understand the procedures for gathering the data for indicators number 1, 5, and 6. The score received by the Housing Authority may or may not be appropriate for determining appropriate future funding.

RECOMMENDATION:

I recommend the Authority review the SEMAP reporting rules and perform the proper tests to report the indicators listed above.

REPLY:

The Authority has reviewed the regulations and will perform the proper tests to report effective on our next SEMAP 2018.

DISCUSSED WITH:

Amy Holt 1/29/19

HOUSING AUTHORITY OF THE CITY OF UNION CITY  
Union City, Indiana

September 30, 2018

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

| <u>FINDING</u> | <u>CONDITION</u>       | <u>STATUS</u> |
|----------------|------------------------|---------------|
| 2017-001       | Rental Receipt Process | Continues     |
| 2017-002       | SEMAP                  | Continues     |

Union City Housing Authority  
321 W Oak Street  
Union City, IN 47390

June 26, 2019

Housing Authority of the City of Union City-IN086

Finding 2018-001                    **Rental receipt process**

CURRENT

CONDITION:     The Authority does not have systems in place to properly account for rental income. The records do not show beginning and ending balances and monthly transactions.

RESPONSE:     The Housing Authority has sold its property and serves as a management company for the new owner. We are adopting new policies concerning rental income with the new owner, these should be in place by September 30, 2019.

PERSON

RESPONSIBLE:   Amy Holt

DATE OF

CORRECTION:    September 30, 2019

Finding 2018-002                    **SEMAP**

CURRENT

CONDITION:     The Authority did not properly prepare the Section 8 management assessment form (SEMAP). Improper reporting may affect future findings.

RESPONSE:     The Authority has reviewed the regulations and will perform the proper tests to report effective on our next SEMAP 2018.

PERSON

RESPONSIBLE:   Amy Holt

DATE OF

CORRECTION:    September 30, 2019