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July 31, 2019

Board of Directors
Housing Authority of the City of Hammond
1402 173rd St.
Hammond, IN 46324

We have reviewed the audit report prepared by Cohn Reznick, Independent Public Accountant, for the period January 1, 2016 to December 31, 2017. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Hammond, as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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 Hammond, Indiana**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

December 31, 2017

Housing Authority of the City of Hammond, Indiana

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Hammond, Indiana and its discretely presented component units, as of December 31, 2017 and the related notes to the financial statements, which collectively comprise of the Housing Authority of the City of Hammond, Indiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Hammond, Indiana as of December 31, 2017, and the changes in its financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Housing Authority of the City of Hammond, Indiana changed its method of accounting for its mixed finance entities. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods for preparing the information and comparing the information for consistency with management's responses to our inquiries, the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The HUD financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and accompanying notes are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The HUD financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD financial data schedule and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of the Housing Authority of the City of Hammond, Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, and other matters. The purpose of the report solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Hammond, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Hammond, Indiana's internal control over financial reporting and compliance.



Charlotte, North Carolina
September 28, 2018

Housing Authority of the City of Hammond, Indiana

Management's Discussion and Analysis (MD&A)

December 31, 2017

This section of the Housing Authority of the City of Hammond, Indiana's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on December 31, 2017. The management's discussion and analysis includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

We are pleased to submit the financial statements of the Authority for the year ended December 31, 2017. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information that complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

Financial highlights

- Total assets were \$24.9 million at December 31, 2017, and decreased by \$1.9 million from \$26.8 million at December 31, 2016.
- Net capital assets were \$3.6 million at December 31, 2017, and had a decrease of \$903 thousand from \$4.5 million at December 31, 2016. This was primarily due to depreciation of assets.
- Total liabilities decreased by \$56 thousand to \$3.2 million at December 31, 2017 from \$3.3 million at December 31, 2016.
- Total net position was \$21.7 million at December 31, 2017, a decrease of about \$1.8 million from prior year balance of \$23.5 million.
- Total revenue was \$6.4 million at December 31, 2017, a decrease of \$2.9 million from the December 31, 2016, balance of \$9.3 million.
- Total expenses increased by \$1.0 million to \$8.2 million at December 31, 2017 from \$7.2 million at December 31, 2016.

Housing Authority of the City of Hammond, Indiana

Management's Discussion and Analysis (MD&A) December 31, 2017

Using this report

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

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

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position."

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

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

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

Overview of the financial statements

The Authority's basic financial statements are presented as an enterprise fund consisting of the primary government and discretely presented component units.

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

The Authority's **Proprietary Fund** is comprised of enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Housing Authority of the City of Hammond, Indiana

Management's Discussion and Analysis (MD&A)

December 31, 2017

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

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

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

Component Units - The Authority has oversight responsibility including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the Authority includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Discretely Presented Component Units - Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending. The Authority has included as discretely presented component units the activity for: Flagstone Village LLC, American Heartland Homes One LLC, American Heartland Homes Two, LLC, Golden Manor, L.P., and Saxony Townhomes, LP. These entities are shown as a discretely presented component units because the Authority is financially accountable for it, but does not have the same board as the entity.

Housing Authority of the City of Hammond, Indiana

**Management's Discussion and Analysis (MD&A)
December 31, 2017**

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

	December 31,		Change	Percent Change
	2017	2016		
Assets:				
Current assets	\$ 2,903,739	\$ 4,272,536	\$ (1,368,797)	-47.1%
Restricted assets	106,883	-	106,883	100.0%
Capital assets, net	3,628,878	4,532,144	(903,266)	-24.9%
Noncurrent assets	18,262,296	17,969,026	293,270	1.6%
Total assets	\$ 24,901,796	\$ 26,773,706	\$ (1,871,910)	-7.5%
Liabilities:				
Current liabilities	\$ 190,372	\$ 177,315	\$ 13,057	6.9%
Noncurrent liabilities	2,970,263	3,079,387	(109,124)	-3.7%
Total liabilities	3,160,635	3,256,702	(96,067)	-3.0%
Net Position:				
Net investment in capital assets	3,628,878	4,532,144	(903,266)	-24.9%
Restricted	3,061,638	459,720	2,601,918	85.0%
Unrestricted	15,050,645	18,525,140	(3,474,495)	-23.1%
Total net position	21,741,161	23,517,004	(1,775,843)	-8.2%
Total liabilities and net position	\$ 24,901,796	\$ 26,773,706	\$ (1,871,910)	-7.5%

The Authority's total net position at December 31, 2017 was approximately \$21.7 million, a 8.4% decrease from the December 31, 2016 balance of \$23.5 million.

Capital Assets

The following table reflects the condensed activity of capital assets compared to the prior year.

	2017	2016	Variance
Land	\$ 391,963	\$ 391,963	\$ -
Buildings and improvements	12,929,453	12,827,422	102,031
Furniture, equipment, and machinery	758,687	880,543	(121,856)
Construction in progress	-	461,655	(461,655)
Accumulated depreciation	(10,451,225)	(10,029,439)	(421,786)
Total	\$ 3,628,878	\$ 4,532,144	\$ (903,266)

Depreciation expense was \$460,289. Construction in progress totaled \$0, and capital additions totaled \$1,123. There were no disposals for 2017. Additional information can be found in the Notes to Financial Statements.

Housing Authority of the City of Hammond, Indiana

**Management's Discussion and Analysis (MD&A)
December 31, 2017**

Notes and Accrued Interest Receivable

The Authority has several notes receivable outstanding, which total \$14,839,394, as a result of funds loaned to its mixed income developers. These are long-term notes that will mature in 2035, 2051, and 2065. Interest payments are accumulated and are not required to be paid until the developments generate positive cash flow per HUD regulations. Accumulated interest as of year end totaled \$2,060,646.

Total liabilities decreased by \$56 thousand or 23.7% to \$3.2 million. Additional information can be found in the Notes to Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to the prior year.

	Year ended December 31,		Change	Percent Change
	2017	2016		
Operating Revenues and Expenses:				
Operating revenues	\$ 992,942	\$ 1,359,300	\$ (366,358)	-36.9%
Governmental operating revenues	5,435,332	5,838,590	(403,258)	-7.4%
Depreciation expense	(460,289)	(491,391)	31,102	-6.8%
Other operating expenses	(7,743,828)	(6,750,185)	(993,643)	12.8%
Operating Income (Loss)	(1,775,843)	(43,686)	(1,732,157)	97.5%
Non-operating Revenues and Expenses:				
Interest revenue	-	6,074	(6,074)	-100.0%
HUD capital grants and capital contributions	-	2,138,008	(2,138,008)	-100.0%
Change in net position	(1,775,843)	2,100,396	(3,876,239)	218.3%
Net Position, beginning as originally reported	23,517,004	24,076,957	(559,953)	-2.4%
Prior period adjustment	-	(2,660,349)	2,660,349	-100.0%
Net Position, beginning	23,517,004	21,416,608	2,100,396	8.9%
Net Position	\$ 21,741,161	\$ 23,517,004	\$ (1,775,843)	-8.2%

The Authority's total operating revenues decreased to \$6.4 million by \$770 thousand or 10.7 percent for the year ended December 31, 2017.

Housing Authority of the City of Hammond, Indiana

Management's Discussion and Analysis (MD&A) December 31, 2017

Total operating expenses, including depreciation increased by \$1.0 million or 6.5 percent for a total balance of \$8.2 million for the year ended December 31, 2017. Changes are shown in the table below:

Expenses	Year ended December 31,		Change	Percent Change
	2017	2016		
Administrative	\$ 2,018,107	\$ 1,649,835	\$ 368,272	18.2%
Utilities	158,336	145,013	13,323	8.4%
Maintenance and operations	544,823	588,845	(44,022)	-8.1%
Protective services	40,401	51,332	(10,931)	-27.1%
General	386,348	101,510	284,838	73.7%
Housing assistance payments	4,595,813	4,213,650	382,163	8.3%
Depreciation	460,289	491,391	(31,102)	-6.8%
Total operating expenses	\$ 8,204,117	\$ 7,241,576	\$ 962,541	11.7%

Expenses primarily increased in administrative expenses, general, and housing assistance payments.

Budgetary control

For the operating budget, management submits a proposed budget for revenues and expenses for all programs, functions, activities, or objectives for the following fiscal year to the governing body ("Board"). The Board reviews, approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. Full funding of the operating subsidy is dependent on the availability of federal funds.

The Authority prepares annual five-year budgets for its capital grants and project budget for other grants. Capital project budgets are approved and are adopted for five years by the Board and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five-year plan and are monitored by the Authority and HUD. Line item variances are resolved and approved by HUD.

Major initiatives

Current Year: The Hammond Housing Authority continues to provide comprehensive service in the City of Hammond to assure the existence of affordable housing for low- to moderate-income individuals, families, senior citizens, handicapped and disabled individuals. Under the leadership of a dedicated Board of Commissioners, and the hard work of true professionals in the field of affordable housing, the Authority continues to thrive, considering the various challenges for federally subsidized housing providers. Improvements have included working hard to enhance our operations internally and seeking external funds to support our residents whenever possible. Below are some of our accomplishments.

The year moved onto the historical pages of the Hammond Housing Authority, with the ongoing Revitalization Master Plan for Columbia Center and ongoing capital improvements for Turner Park. Words like Plans, Projections, Progress, Persistence, Prevailing, Productivity, Performance and Pride can define all of the activities that encompassed the year.

Homestead Enterprise Housing, Inc., (HEH), an instrumentality of the Housing Authority was awarded low-income Tax Credits in 2015. With this award the final Phase of Revitalization Master Plan for Columbia Center is complete. This phase is named "Flagstone Village". This development marks the third Mixed Income Development for the Hammond Housing. The development merged Federal Capital Funds and the State Tax Credits. The development has low-income tax credit units, Section 9 (federally

Housing Authority of the City of Hammond, Indiana

Management's Discussion and Analysis (MD&A) December 31, 2017

subsidized units) and Project Based Vouchers (PBV). Construction started October 2015, expected to be completed and occupied by January 2017.

At Turner Park, 80 townhomes units that are homes to families were upgraded to on-demand hot water tanks. This energy efficient system will have money to the residents and the housing authority reducing the cost of the water that is kept hot when not in use.

The Rental Assistance Department (Housing Choice Voucher Program), staff recaptured \$15,434.00 through fraud recovery efforts, half of which the department was able to keep for operating expenses. The Public Housing Assessments System rating for 2017 was 77, standard performer.

Contacting the Authority's Financial Management

This Authority's financial report is designed to provide a general overview of the Authority's finances for all those with an interest and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maria Carmen Paniagua, Executive Director, Housing Authority of the City of Hammond, Indiana 1402 173rd Street, Hammond, Indiana 46324 or call (219) 989-3260.

Housing Authority of the City of Hammond, Indiana

**Statement of Net Position
December 31, 2017**

	<u>Assets</u>		
	<u>Primary Government</u>	<u>Discrete Component Units</u>	<u>Total Reporting Entity</u>
Current Assets			
Cash and cash equivalents - unrestricted	\$ 725,951	\$ 977,882	\$ 1,703,833
Investments - unrestricted	2,049,740	-	2,049,740
Accounts receivable - HUD	4,968	-	4,968
Accounts receivable - tenants (net of allowance)	11,260	19,659	30,919
Accounts receivable - other	48,257	94,617	142,874
Inventories	30,896	-	30,896
Prepaid expenses	32,667	68,638	101,305
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,903,739	1,160,796	4,064,535
	<hr/>	<hr/>	<hr/>
Restricted Assets			
Cash and cash equivalents - restricted	106,883	646,044	752,927
Investments - restricted	-	1,720,583	1,720,583
	<hr/>	<hr/>	<hr/>
Total Restricted Assets	106,883	2,366,627	2,473,510
	<hr/>	<hr/>	<hr/>
Capital Assets			
Land	391,963	1,138,757	1,530,720
Buildings and improvements	12,929,453	54,429,592	67,359,045
Furniture, equipment and machinery	758,687	1,472,183	2,230,870
	<hr/>	<hr/>	<hr/>
	14,080,103	57,040,532	71,120,635
Less: Accumulated depreciation	(10,451,225)	(9,920,411)	(20,371,636)
	<hr/>	<hr/>	<hr/>
Total Capital Assets	3,628,878	47,120,121	50,748,999
	<hr/>	<hr/>	<hr/>
Noncurrent Assets			
Notes receivable - discrete component units	14,839,394	-	14,839,394
Other assets	3,422,902	630,758	4,053,660
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	18,262,296	630,758	18,893,054
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 24,901,796</u>	<u>\$ 51,278,302</u>	<u>\$ 76,180,098</u>

Housing Authority of the City of Hammond, Indiana

**Statement of Net Position
December 31, 2017**

Liabilities and Net Position

	Primary Government	Discrete Component Units	Total Reporting Entity
Current Liabilities			
Accounts payable	\$ 2,430	\$ 27,759	\$ 30,189
Accounts payable - HUD	32,558	-	32,558
Current portion of long-term debt - capital projects	-	60,180	60,180
Accrued wages and payroll taxes payable	20,089	-	20,089
Tenant security deposits	55,969	209,686	265,655
Unearned revenues	-	17,005	17,005
Other current liabilities	18,600	801,042	819,642
Accrued liabilities - other	60,726	188,806	249,532
	<u>190,372</u>	<u>1,304,478</u>	<u>1,494,850</u>
Total Current Liabilities			
Noncurrent Liabilities			
Other noncurrent liabilities	2,970,263	4,319,523	7,289,786
Long-term debt, net of current - capital projects	-	16,375,658	16,375,658
	<u>2,970,263</u>	<u>20,695,181</u>	<u>23,665,444</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>3,160,635</u>	<u>21,999,659</u>	<u>25,160,294</u>
Net Position			
Net investment in capital assets	3,628,878	30,684,283	34,313,161
Restricted	3,061,638	2,156,941	5,218,579
Unrestricted net position	15,050,645	(3,562,581)	11,488,064
	<u>21,741,161</u>	<u>29,278,643</u>	<u>51,019,804</u>
Total Net Position			
Total Liabilities and Net Position	<u>\$ 24,901,796</u>	<u>\$ 51,278,302</u>	<u>\$ 76,180,098</u>

See Notes to Financial Statements.

Housing Authority of the City of Hammond, Indiana

**Statement of Revenue, Expenses and Changes in Net Position
Year Ended December 31, 2017**

	Primary Government	Discrete Component Units	Total Reporting Entity
Operating Revenue			
Net tenant rental revenue	\$ 471,411	\$ 2,836,932	\$ 3,308,343
HUD operating grants	5,435,332	-	5,435,332
Other revenue	521,531	-	521,531
Total Operating Revenue	6,428,274	2,836,932	9,265,206
Operating Expenses			
Administrative	2,018,107	722,032	2,740,139
Utilities	158,336	245,559	403,895
Maintenance and operations	544,823	389,912	934,735
Protective services	40,401	-	40,401
General	386,348	974,676	1,361,024
Housing assistance payments	4,595,813	-	4,595,813
Amortization	-	45,683	45,683
Depreciation	460,289	1,991,712	2,452,001
Total Operating Expense	8,204,117	4,369,574	12,573,691
Operating Income (Loss)	(1,775,843)	(1,532,642)	(3,308,485)
Non-Operating Revenue (Expenses)			
Interest expense	-	(807,917)	(807,917)
Interest income - unrestricted	-	17	17
Total Non-Operating Revenue (Expenses)	-	(807,900)	(807,900)
Change in Net Position	(1,775,843)	(2,340,542)	(4,116,385)
Net Position - Beginning, as originally reported	23,517,004	-	23,517,004
Change in Reporting Entity	-	31,619,185	31,619,185
Net Position - Beginning, as restated	23,517,004	31,619,185	55,136,189
Net Position - Ending	\$ 21,741,161	\$ 29,278,643	\$ 51,019,804

See Notes to Financial Statements.

Housing Authority of the City of Hammond, Indiana

**Statement of Cash Flows
Year Ended December 31, 2017**

	<u>Primary Government</u>
Cash flows from operating activities	
Dwelling rent receipts	\$ 528,853
Operating subsidy and grant receipts	5,462,922
Other income receipts	<u>647,707</u>
Total receipts	<u>6,639,482</u>
Payments to vendors	(1,140,893)
Payments to employees	(1,129,217)
Housing assistance payments	<u>(4,595,813)</u>
Total disbursements	<u>(6,865,923)</u>
Net cash used by operating activities	<u>(226,441)</u>
Cash flows from investing activities	
Decrease in interest receivable on notes receivable	1,707,923
Increase in other assets	(2,001,193)
Decrease in investments	<u>177,603</u>
Net cash used by investing activities	<u>(115,667)</u>
Cash flows from capital and related financing activities	
Capital asset purchases	442,977
Payment for financing fees	<u>(979,263)</u>
Net cash used by capital and related financing activities	<u>(536,286)</u>
Net decrease in cash	(878,394)
Cash and cash equivalents, beginning	<u>1,711,228</u>
Cash and cash equivalents, ending	<u><u>\$ 832,834</u></u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents - unrestricted	\$ 725,951
Cash and cash equivalents - restricted	<u>106,883</u>
Total	<u><u>\$ 832,834</u></u>

Housing Authority of the City of Hammond, Indiana

Statement of Cash Flows
Year Ended December 31, 2017

	<u>Primary Government</u>
Reconciliation of operating income (loss) to net cash used by operating activities	
Operating income (loss)	<u>\$ (1,775,843)</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Depreciation	460,289
Changes in asset and liability accounts	
(Increase) decrease in assets	
Accounts receivable - HUD	(4,968)
Accounts receivable - tenants	1,473
Accounts receivable - other	126,176
Notes receivable - business activities	(26,721)
Prepaid expenses	109,957
Increase (decrease) in liabilities	
Accounts payable	(111,580)
Accounts payable - HUD	32,558
Security deposits payable	55,969
Accrued wages and payroll taxes payable	20,089
Other current liabilities	16,021
Other noncurrent liabilities	<u>870,139</u>
Total adjustments	<u>1,549,402</u>
Net cash used by operating activities	<u><u>\$ (226,441)</u></u>

See Notes to Financial Statements.

Housing Authority of the City of Hammond, Indiana

Notes to Financial Statements December 31, 2017

Note 1 - Organization and summary of significant accounting policies

Organization

The Housing Authority of the City of Hammond, Indiana (the "Authority") is a municipal corporation created and organized under the Housing Authority Act of the State of Indiana, which was organized to provide affordable housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development ("HUD") and other Federal Agencies.

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

Reporting entity

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The Authority's Board elects its own chairperson and each member can only be removed for cause.

The reporting entity for the Authority includes its Enterprises Funds. The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low-income and elderly persons. Most funding is provided by HUD. All funds and programs are included in these statements.

Component Units

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Sections 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following component units:

Homestead Enterprise Housing, Inc. ("HEH", a Blended Component Unit) organized in 1978 by the Housing Authority of the City of Hammond, Indiana, an Indiana nonprofit corporation under the authority of the Indiana Not for Profit Corporation Act of 1971. HEH's purpose is to issue bonds for private developers to construct federally subsidized low-income housing. HEH also develops and provides affordable housing. HEH acquires, rehabilitates and sells property to low-income families.

Flagstone Village, LLC (Discrete Component Unit) is a limited liability company that was organized in 2012 to develop, construct, own, maintain, and operate a 76-unit rental housing apartment complex for low-income persons.

Housing Authority of the City of Hammond, Indiana

Notes to Financial Statements December 31, 2017

American Heartland Homes One, LLC (*Discrete Component Unit*) is a limited liability company that was organized in 2009 to develop, construct, own, maintain, and operate a 94-unit rental housing apartment complex for low-income persons.

American Heartland Home Two, LLC (*Discrete Component Unit*) is a limited liability company that was organized in 2011 to develop, construct, own, maintain, and operate a 49-unit rental housing apartment complex for low-income persons.

Saxony Townhomes, LP (*Discrete Component Unit*) is a limited partnership that was organized in 2007 to develop, construct, own, maintain, and operate a 68-unit rental housing apartment complex for low-income persons.

Golden Manor, LP (*Discrete Component Unit*) is a limited partnership that was organized in 2006 to develop, construct, own, maintain, and operate a 80-unit rental housing apartment complex for senior low-income persons.

Additional information concerning these entities can be obtained by contacting the finance department of the Authority at 1402 173rd Street, Hammond, Indiana, 46324.

Basis of presentations and accounting

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Authority has multiple programs which are accounted for as a single enterprise fund.

Enterprise Fund - In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly-liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB Statement No. 40 Deposit and Investment Risk Disclosures. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. GASB Statement No. 40 requires general disclosures by investment type with disclosures of the specific risks to

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

which those investments are exposed. Investments exposed to credit risk, custodial credit risk, concentration of credit risk (5% of total net position), interest rate risk, and foreign currency risk must be disclosed, and the government reporting unit is required to describe their deposit or investment policies (or the lack of a policy) that relate to the risks stated above, if they are subject to them.

Credit risk is the risk of loss attributed to the magnitude of an agency's investment in a single user. All investments are insured by governmental securities or registered and held by the Authority or its agent in the Authority's name. The Authority does not have a policy limiting its exposure to concentrations of credit risk.

Credit risk is also the risk that an issuer or other counterparty to a debt investment will not fulfill its obligation. The Authority's statement of investment objectives and guidelines states that investments in non-convertible fixed-income securities other than short-term securities will be restricted to issues with a maximum fixed or expected average maturity of ten years and will be made primarily in (1) securities issued or guaranteed by the U.S. government or its agencies (2) marketable issues of non-nuclear utility companies rated at the time of purchase within the three highest grades assigned by Moody's Investor Services, Inc (AAA, AA or A) or by Standard & Poor's (AAA, AA or A) and (3) bond mutual funds which invest primarily in bonds with rating of A and higher.

Restricted assets

Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions.

Accounts receivable

Tenant accounts receivables are carried at the amount considered by management to be collectible.

Prepaid items

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

Inventory

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

Capital assets

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments in excess of \$5,000 are capitalized. Small dollar value minor equipment items are expensed. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation on assets has been expensed in the Statement of Revenues, Expenses and Changes in Net Position. Estimated useful lives are as follows:

Buildings and improvements	40 years
Furniture, equipment and machinery	5 years
Automobiles	5 years

Housing Authority of the City of Hammond, Indiana

Notes to Financial Statements December 31, 2017

Impairment of long-lived assets

The Authority accounts for impairments in accordance with GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of the carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical costs of the capital asset that should be written off. No such impairment loss was recognized during the year ended December 31, 2017.

Unearned revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenue.

Compensated absences

The Authority allows regular full-time employees to accumulate the following compensated absences. Vacation is accrued based on length of employment, ranging from 10 vacation days per 2 years of continuous service to 30 vacation days after 20 years of continuous service. Vacations are not allowed to be accumulated from year to year. Sick pay is granted at the rate of one day per month, the days carry over from year to year and are limited to 960 hours.

Net investment in capital assets

Net investment in capital assets is recorded in an amount equal to capital assets, net of accumulated depreciation and reduced by any debt attributable to the acquisition of those assets.

Restricted net position

Net position is reported as restricted when constraints placed on net assets use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Retirement plan

The Authority has established a 457(b) deferred compensation plan for its employees in accordance with the Internal Revenue Code Section 501. The plan is administered by a private administrator. All contributions are immediately vested. For calendar year 2017, salary deferral could not exceed \$18,000.

Revenue accounting policies

Dwelling rent income, HUD grants received for operations, other operating grants and miscellaneous operating income are reported as operating revenue. HUD grants received for capital assets and all other revenue are reported as non-operating revenue.

Use of estimates

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, investment valuations, inventory valuations, account receivable valuations, note receivable valuations, and the net pension liability and related expense. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Housing Authority of the City of Hammond, Indiana

Notes to Financial Statements December 31, 2017

Eliminations

The Authority manages several programs. Many charges are paid by the Authority's various programs to other programs within the Authority. Subsequently, intercompany revenues and expenses have been eliminated.

Risk management

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss with the following insurance coverage: worker's compensation, property and equipment, liability, flood and automobile. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Programs administered by the Authority

The Authority administers annual contribution contracts to provide low-income housing with primary financial support from HUD. The primary programs administered by the Authority are as follows:

- Low-Income Public Housing - The low rent housing program provides subsidized housing to low-income residents. The Authority is the owner of public housing units located throughout the city. The Authority receives revenue from dwelling rental income and operating subsidies and capital repair funds from HUD. "Capital Funds," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments.
- Housing Choice Vouchers Program ("HCV") - The Authority participates in the Housing Choice Voucher Program. This program is designed to provide privately owned, decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the program, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies.

New accounting updates

The GASB issued Statement No. 87, *Leases* effective for financial statements beginning after December 15, 2019. Management is currently evaluating the impact of adopting this standard.

The GASB issued Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period* effective for financial statements beginning after December 15, 2019. Management is currently evaluating the impact of adopting this standard.

Note 2 - Change in reporting entity

During the year ended December 31, 2017 the Authority re-evaluated its method of accounting for its mixed finance entities. Previously the Authority had not included the financial activity of these entities as component units. Based on this evaluation, the Authority has determined that these entities should now be reported as discrete component units.

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

Note 3 - Deposits and investments

Cash and cash equivalents

HUD requires that deposits of HUD program funds be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Company (FDIC) insurance and the market value of securities purchased and pledges to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

Risks

Credit Risk - HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally-insured investments.

Interest Rate Risk - The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

Custodial Credit Risk - The Housing Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of, or a guarantee of principal and interest by the U.S. Government.

As of December 31, 2017, of the Authority's deposits and investments were exposed to this risk because the amounts were in excess of FDIC insurance limits; however, the accounts were collateralized with securities held by the pledging financial institutions in the Authority's name. The following schedule summarizes the custodial credit risk:

	Balance reported on the Authority's Financial Statements	Balance deposited with the Financial Institution	FDIC Insured	Uninsured Amount (fully collateralized)
Bank deposits	\$ 725,951	\$ 725,907	\$ 290,774	\$ 435,133
Investment account	2,049,740	2,049,740	-	2,049,740
	<u>\$ 2,775,691</u>	<u>\$ 2,775,647</u>	<u>\$ 290,774</u>	<u>\$ 2,484,873</u>

Cash and cash equivalents are reported on the statement of net position as follows:

Cash and cash equivalents - unrestricted	\$ 725,951
Investments - unrestricted	<u>2,049,740</u>
Total	<u><u>\$ 2,775,691</u></u>

Note 4 - Restricted cash and investments

Restricted cash and investments as of December 31, 2017 for the primary government consisted of the following:

Tenant security deposits	\$ 55,969
FSS escrow	<u>50,914</u>
Total restricted cash	<u><u>\$ 106,883</u></u>

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

Restricted cash and investments as of December 31, 2017 for the discrete component units consisted of the following:

Tenant security deposits	\$	191,359
Mortgage escrows		454,685
Project reserves		<u>1,720,583</u>
Total restricted cash and investments	<u>\$</u>	<u>2,366,627</u>

Note 5 - Accounts receivable

At December 31, 2017, accounts receivable totaled \$64,485 and consisted of the following:

Accounts receivable - tenants, net of allowance of \$0	\$	11,260
Accounts receivable - HUD		4,968
Accounts receivable - other		<u>48,257</u>
	<u>\$</u>	<u>64,485</u>

The Authority reviews the accounts receivable periodically. In fiscal year 2017, the Authority did not have any write offs of receivables.

Note 6 - Developer fees receivable

HEHE was the developer and/or general partner in the development of the Golden Manor and Saxony Townhomes, American Heartland Homes One (AHH1), and American Heartland Homes Two (AHH2) housing projects. HEH earned a development fee for its services in connection with the development of these projects. Development fees outstanding at December 31, 2017 were as follows:

Golden Manor	\$	289,335
Saxony Townhome		313,393
American Heartland Homes One		<u>759,528</u>
	<u>\$</u>	<u>1,362,256</u>

The Authority recognizes income from the developer fees receivable when cash payments are received. Unrecognized income from developer fees \$909,617 at December 31, 2017, which is included in other noncurrent liabilities on the statement of net position.

Note 7 - Notes receivable

1. The Authority entered into a purchase money mortgage with American Heartland Homes One, LLC (AHH1) on June 29, 2010 to loan the company \$846,000 at a rate of 4.3 percent. The mortgage requires base payments to commence on the first day of the calendar month following completion of the project and on the first day of each calendar month thereafter, in an amount equal to \$4,187. The mortgage also calls for additional annual payments to commence on May 1, 2012 in an amount equal to available net cash flow of the company. No payments have been made. All unpaid principal and interest are due on December 31,

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

2035. As of December 31, 2017, the mortgage receivable was \$846,000 with accrued interest of \$314,376.
2. The Authority entered into a mixed finance agreement with AHH1 on June 29, 2010, to loan the company an amount not to exceed \$11,500,000 at a rate of 1.25 percent. The loan matures on December 31, 2065. The agreement calls for payments to commence on May 1, 2012, in an amount equal to available net cash flow of the company. All unpaid principal and interest are due at maturity. AHH1 repaid a lump sum of \$4,734,785 in September 2012 and has not made additional payments. At December 31, 2017 \$6,664,766 was outstanding with accrued interest totaled \$746,139.
 3. The Authority entered into a purchase money mortgage with American Heartland Homes Two, LLC (AHH2) on August 18, 2011, to loan the company \$3,313,941 at a rate of 3 percent. The mortgage requires annual payments equal to the amount of available net cash flow of the company. All unpaid principal and accrued interest are due on December 31, 2051. As of December 31, 2017, the mortgage receivable was \$3,313,941 with accrued interest of \$601,075.
 4. The Authority entered into an agreement with Flagstone Village LLC (Flagstone) on October 20, 2015 to loan the company an amount not to exceed \$3,630,000 at a rate of 4.4 percent. The loan matures on December 31, 2055. The agreement calls for payments in annual installments on or before May 1 each year in an amount equal to the amount of available net cash flow. All unpaid principal and interest are due at maturity. At December 31, 2017 \$3,630,000 was outstanding with accrued interest totaled \$284,970.
 5. HEH entered into an agreement with Golden Manor, LLC on June 26, 2010 to loan the company an amount not to exceed \$750,000 at a rate of 1.25 percent. The loan matures on December 31, 2065. The agreement calls for annual payments to commence on May 1, 2010, in the amount equal to 50 percent of available net cash flow. All unpaid principal and accrued interest are due at maturity. As of December 31, 2017, Golden Manor owed HEH \$134,687 with accrued interest totaled \$90,521.
 6. HEH entered into an agreement with American Heartland Homes One, LLC (AHH1) on June 29, 2010 to loan the company \$250,000 at a rate of 1.25 percent. The mortgage requires annual payments equal to the amount of one-half of available net cash flow. The loan matures December 31, 2065. All unpaid principal and interest are due on December 31, 2065. As of December 31, 2017, AHH1 owed HEH \$250,000 with accrued interest of \$23,565.

	Note	Accrued Interest
American Heartland Homes One	\$ 846,000	\$ 314,376
American Heartland Homes One	6,664,766	746,139
American Heartland Homes Two	3,313,941	601,075
Flagstone Village	3,630,000	284,970
Golden Manor	134,687	90,521
American Heartland Homes One	250,000	23,565
	\$ 14,839,394	\$ 2,060,646

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

The Authority recognizes interest income from the notes receivable when cash payments are received. Accrued but unpaid interest under the terms of the loan agreements totaled \$2,060,646 at December 31, 2017, which is included in other noncurrent liabilities on the statement of net position.

Note 8 - Capital assets

Summaries of the primary government's capital asset balances and activity as of December 31, 2017 and the year then ended are as follows:

	Balance December 31, 2016	Additions	Transfers, Reclassifications and Deletions	Balance December 31, 2017
Non-depreciable:				
Land	\$ 391,963	\$ -	\$ -	\$ 391,963
Depreciable:				
Buildings and improvements	12,929,453	-	-	12,929,453
Furniture and equipment	778,514	1,123	(20,950)	758,687
	<u>14,099,930</u>	<u>1,123</u>	<u>(20,950)</u>	<u>14,080,103</u>
Accumulated depreciation	<u>(10,029,441)</u>	<u>(460,289)</u>	<u>38,505</u>	<u>(10,451,225)</u>
Total capital assets	<u>\$ 4,070,489</u>	<u>\$ (459,166)</u>	<u>\$ 17,555</u>	<u>\$ 3,628,878</u>

Summaries of the primary government's capital asset balances and activity as of December 31, 2017 and the year then ended are as follows:

	Balance December 31, 2016	Additions	Transfers, Reclassifications and Deletions	Balance December 31, 2017
Non-depreciable:				
Land	\$ 1,138,757	\$ -	\$ -	\$ 1,138,757
Depreciable:				
Buildings and improvements	39,582,946	14,846,646	-	54,429,592
Furniture and equipment	1,309,647	162,536	-	1,472,183
	<u>42,031,350</u>	<u>15,009,182</u>	<u>-</u>	<u>57,040,532</u>
Accumulated depreciation	<u>(7,928,699)</u>	<u>(1,991,712)</u>	<u>-</u>	<u>(9,920,411)</u>
Total capital assets	<u>\$ 34,102,651</u>	<u>\$ 13,017,470</u>	<u>\$ -</u>	<u>\$ 47,120,121</u>

Note 9 - Long term debt

The discretely presented component units owe amounts to the Authority as outlined in Note 7 in the amount of \$14,839,394. Additionally, Saxony Townhomes, LP entered into mortgages in the amount of \$2,062,000 which bear interest at the lesser of the prime rate or 7%. The loans required monthly principal payments totaling \$5,015 plus accrued and unpaid interest. The outstanding balances as of December 31, 2017 was \$1,596,444.

Housing Authority of the City of Hammond, Indiana

Notes to Financial Statements December 31, 2017

Note 10 - Condensed financial statements - Discrete Component Units

	AHH1	AHH2	Flagstone	Golden Manor	Saxony	Total
Assets:						
Current assets	\$ 1,145,093	\$ 724,368	\$ 548,650	\$ 476,625	\$ 632,687	\$ 3,527,423
Noncurrent assets	104,400	68,890	399,829	19,402	38,237	630,758
Capital assets, net	11,761,026	8,484,254	14,264,461	5,841,102	6,769,278	47,120,121
Total assets	\$ 13,010,519	\$ 9,277,512	\$ 15,212,940	\$ 6,337,129	\$ 7,440,202	\$ 51,278,302
Liabilities:						
Current liabilities	\$ 1,271,295	\$ 861,871	\$ 413,773	\$ 287,358	\$ 446,448	\$ 3,280,745
Noncurrent liabilities	8,520,294	3,313,941	4,611,000	424,022	1,849,657	18,718,914
Total liabilities	9,791,589	4,175,812	5,024,773	711,380	2,296,105	21,999,659
Net position:						
Net investment in capital assets	4,000,260	5,170,313	10,634,461	57,806,415	5,172,834	82,784,283
Restricted	524,473	498,824	340,094	367,568	425,982	2,156,941
Unrestricted	(1,305,803)	(567,437)	(786,388)	(52,548,234)	(454,719)	(55,662,581)
Total net position	3,218,930	5,101,700	10,188,167	5,625,749	5,144,097	29,278,643
Total liabilities and net position	\$ 13,010,519	\$ 9,277,512	\$ 15,212,940	\$ 6,337,129	\$ 7,440,202	\$ 51,278,302
Operating Revenues:						
Dwelling rent	\$ 870,491	\$ 388,588	\$ 520,322	\$ 491,757	\$ 565,774	\$ 2,836,932
Total operating revenues	870,491	388,588	520,322	491,757	565,774	2,836,932
Operating Expenses:						
Administration	246,112	123,215	151,187	102,432	99,086	722,032
Utility services	61,232	31,257	35,534	80,735	36,801	245,559
Ordinary maintenance	78,913	55,788	51,782	113,139	90,290	389,912
General	170,459	119,869	441,207	106,175	136,966	974,676
Depreciation and amortization	400,505	303,608	766,101	253,812	313,369	2,037,395
Total operating expenses	957,221	633,737	1,445,811	656,293	676,512	4,369,574
Operating income (loss)	(86,730)	(245,149)	(925,489)	(164,536)	(110,738)	(1,532,642)
Non-operating Revenues (Expenses):						
Interest revenue	-	-	-	5	12	17
Interest expense	(145,085)	(117,074)	(476,344)	-	(69,414)	(807,917)
Other non-operating revenues (expenses):	-	-	-	-	-	-
Total non-operating revenues (expenses)	(145,085)	(117,074)	(476,344)	5	(69,402)	(807,900)
Changed in net position	(231,815)	(362,223)	(1,401,833)	(164,531)	(180,140)	(2,340,542)
Net position, beginning	3,450,745	5,463,923	11,590,000	5,790,280	5,324,237	31,619,185
Net position, ending	\$ 3,218,930	\$ 5,101,700	\$ 10,188,167	\$ 5,625,749	\$ 5,144,097	\$ 29,278,643

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

Note 11 - Condensed financial statements - Blended Component Unit

	HEH
Assets:	
Current assets	\$ 349,224
Noncurrent assets	1,861,029
Total assets	\$ 2,210,253
Liabilities:	
Current liabilities	\$ 18,600
Noncurrent liabilities	1,023,703
Total liabilities	1,042,303
Net position:	
Restricted	1,042,303
Unrestricted	125,647
Total net position	1,167,950
Total liabilities and net position	\$ 2,210,253

	HEH
Operating Expenses:	
Administration	\$ 192,975
General	75,831
Total operating expenses	268,806
Operating income (loss)	(268,806)
Non-operating Revenues (Expenses):	
Interest revenue	12
Total non-operating revenues (expenses)	12
Changed in net position	(268,794)
Net position, beginning	1,436,744
Net position, ending	\$ 1,167,950

Note 12 - Commitments and contingencies

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

Housing Authority of the City of Hammond, Indiana

**Notes to Financial Statements
December 31, 2017**

Note 13 - Economic dependency

The Authority received approximately 85% of its revenues from the federal government in the fiscal year. If the amount of revenues received from HUD falls below critical levels, the Authority's operating results could be adversely affected.

Note 14 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes. Management evaluated the activity of the Housing Authority of the City of Hammond, Indiana through September 28, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Independent Auditor's Report on Internal Control over
Financial Reporting and Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audited 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 Hammond, Indiana (the "Authority"), which comprise the statement of net position as of December 31, 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the notes to the financial statements and have issued our report thereon dated September 28, 2018, which includes an emphasis of matter paragraph on page 3.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

Charlotte, North Carolina
September 28, 2018

Independent Auditor's Report on Compliance for the Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

We have audited the Housing Authority of the City of Hammond, Indiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Housing Authority of the City of Hammond, Indiana's major federal program for the year ended December 31, 2017. The Housing Authority of the City of Hammond, Indiana's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Hammond, Indiana's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

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

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

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

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



Charlotte, North Carolina
September 28, 2018

Housing Authority of the City of Hammond, Indiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statement noted	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards:

Internal Control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section.510(a) of Uniform Guidance Yes No

Identification of major programs:

- CFDA 14.871 Housing Choice Voucher Cluster

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

Auditee qualified as low-risk auditee Yes No

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

Housing Authority of the City of Hammond, Indiana
Schedule of Prior Year Audit Findings and Questioned Costs
December 31, 2017

None.

Supplementary Information

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule December 31, 2017

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
111	Cash-unrestricted	\$ -	\$ 1,551,350	\$ 152,483	\$ 1,703,833	\$ -	\$ 1,703,833
113	Cash-other restricted	-	505,599	-	505,599	-	505,599
114	Cash-tenant security deposits	55,969	191,359	-	247,328	-	247,328
100	Total Cash	<u>55,969</u>	<u>2,248,308</u>	<u>152,483</u>	<u>2,456,760</u>	<u>-</u>	<u>2,456,760</u>
121	Accounts receivable - PHA projects	-	38,817	-	38,817	-	38,817
122	Accounts receivable - HUD other projects	-	4,968	-	4,968	-	4,968
125	Account receivable - miscellaneous	3,207	100,620	332,721	436,548	(332,491)	104,057
126	Accounts receivable - tenants	11,260	20,961	-	32,221	-	32,221
126.1	Allowance for doubtful accounts - tenants	-	(1,302)	-	(1,302)	-	(1,302)
120	Total receivables, net of allowance for doubtful accounts	<u>14,467</u>	<u>164,064</u>	<u>332,721</u>	<u>511,252</u>	<u>(332,491)</u>	<u>178,761</u>
131	Investments - unrestricted	1,935,505	-	114,235	2,049,740	-	2,049,740
132	Investments - restricted	-	1,720,583	-	1,720,583	-	1,720,583
142	Prepaid expenses and other assets	32,667	68,638	-	101,305	-	101,305
143	Inventories	30,896	-	-	30,896	-	30,896
144	Inter program - due from	142,405	-	694,996	837,401	(837,401)	-
150	Total Current Assets	<u>2,211,909</u>	<u>4,201,593</u>	<u>1,294,435</u>	<u>7,707,937</u>	<u>(1,169,892)</u>	<u>6,538,045</u>
161	Land	294,336	1,156,312	80,072	1,530,720	-	1,530,720
162	Buildings	956,584	48,361,873	186,948	49,505,405	-	49,505,405
163	Furniture, equipment and machinery - dwellings	-	1,630,176	12,744	1,642,920	-	1,642,920
164	Furniture, equipment and machinery - administration	296,894	43,301	247,755	587,950	-	587,950
165	Leasehold improvements	11,750,941	6,067,719	34,980	17,853,640	-	17,853,640
166	Accumulated depreciation	(9,941,708)	(10,121,705)	(308,223)	(20,371,636)	-	(20,371,636)
160	Total capital assets, net of accumulated depreciation	<u>3,357,047</u>	<u>47,137,676</u>	<u>254,276</u>	<u>50,748,999</u>	<u>-</u>	<u>50,748,999</u>
171	Notes, Loans, & mortgages receivable – Non-current	-	384,687	14,454,707	14,839,394	-	14,839,394
174	Other assets	-	2,107,100	1,946,560	4,053,660	-	4,053,660
180	Total Non-current Assets	<u>3,357,047</u>	<u>49,629,463</u>	<u>16,655,543</u>	<u>69,642,053</u>	<u>-</u>	<u>69,642,053</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 5,568,956</u>	<u>\$ 53,831,056</u>	<u>\$ 17,949,978</u>	<u>\$ 77,349,990</u>	<u>\$ (1,169,892)</u>	<u>\$ 76,180,098</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule December 31, 2017

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
312	Accounts payable <= 90 days	\$ 10	\$ 27,759	\$ 2,420	\$ 30,189	\$ -	\$ 30,189
321	Accrued wage/payroll taxes payable	-	-	20,089	20,089	-	20,089
331	Accounts payable - HUD PHA Programs	-	-	32,558	32,558	-	32,558
341	Tenant security deposits	55,969	209,686	-	265,655	-	265,655
342	Unearned revenue	-	17,005	-	17,005	-	17,005
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	60,180	-	60,180	-	60,180
345	Other current liabilities	177,408	974,725	-	1,152,133	(332,491)	819,642
346	Accrued liabilities - other	9,812	239,720	-	249,532	-	249,532
347	Inter program - due to	217,057	620,344	-	837,401	(837,401)	-
310	Total Current Liabilities	460,256	2,149,419	55,067	2,664,742	(1,169,892)	1,494,850
351	Capital Projects/ Mortgage Revenue Bonds	-	16,375,658	-	16,375,658	-	16,375,658
353	Non-current liabilities - other	-	5,343,226	1,946,560	7,289,786	-	7,289,786
350	Total Non-Current Liabilities	-	21,718,884	1,946,560	23,665,444	-	23,665,444
300	Total Liabilities	460,256	23,868,303	2,001,627	26,330,186	(1,169,892)	25,160,294
508.4	Net investment in capital assets	3,357,047	30,701,838	254,276	34,313,161	-	34,313,161
511.4	Restricted net position	-	3,199,244	2,019,335	5,218,579	-	5,218,579
512.4	Unrestricted net position	1,751,653	(3,938,329)	13,674,740	11,488,064	-	11,488,064
513	Total Equity - Net Assets/Position	5,108,700	29,962,753	15,948,351	51,019,804	-	51,019,804
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 5,568,956	\$ 53,831,056	\$ 17,949,978	\$ 77,349,990	\$ (1,169,892)	\$ 76,180,098

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net tenant rental revenue	\$ 467,312	\$ 2,700,059	\$ -	\$ 3,167,371	\$ -	\$ 3,167,371
70400	Tenant revenue - other	4,099	136,873	-	140,972	-	140,972
70500	Total Tenant Revenue	<u>471,411</u>	<u>2,836,932</u>	<u>-</u>	<u>3,308,343</u>	<u>-</u>	<u>3,308,343</u>
70600	HUD PHA operating grants	887,903	4,547,429	-	5,435,332	-	5,435,332
70710	Management Fee	-	-	232,576	232,576	(232,576)	-
70720	Asset Management Fee	-	-	23,130	23,130	(23,130)	-
70730	Bookkeeping Fee	-	-	76,905	76,905	(76,905)	-
70750	Other Fees	-	-	130,836	130,836	-	130,836
70700	Total Fee Revenue	<u>-</u>	<u>-</u>	<u>463,447</u>	<u>463,447</u>	<u>(332,611)</u>	<u>130,836</u>
71100	Investment income - unrestricted	-	17	-	17	-	17
71400	Fraud recovery	-	12,150	-	12,150	-	12,150
71500	Other revenue	3,235	20,971	523,547	547,753	(169,208)	378,545
70000	Total Revenue	<u>1,362,549</u>	<u>7,417,499</u>	<u>986,994</u>	<u>9,767,042</u>	<u>(501,819)</u>	<u>9,265,223</u>
91100	Administrative salaries	117,420	501,585	476,145	1,095,150	-	1,095,150
91200	Auditing fees	11,367	19,817	9,816	41,000	-	41,000
91300	Management Fee	137,140	95,436	-	232,576	(232,576)	-
91310	Bookkeeping Fee	17,258	59,647	-	76,905	(76,905)	-
91400	Advertising and Marketing	-	2,750	32	2,782	-	2,782
91500	Employee benefit contributions - administrative	104,739	78,133	248,605	431,477	-	431,477
91600	Office Expenses	36,676	126,629	43,852	207,157	-	207,157
91700	Legal Expense	8,337	13,211	25,183	46,731	-	46,731
91800	Travel	-	1,438	8,904	10,342	-	10,342
91900	Other	427,300	624,931	22,477	1,074,708	(169,208)	905,500
91000	Total Operating-Administrative	<u>860,237</u>	<u>1,523,577</u>	<u>835,014</u>	<u>3,218,828</u>	<u>(478,689)</u>	<u>2,740,139</u>
92000	Asset Management Fee	23,130	-	-	23,130	(23,130)	-
93100	Water	21,989	652	685	23,326	-	23,326
93200	Electricity	93,987	247,124	12,051	353,162	-	353,162
93300	Gas	24,267	1,057	2,083	27,407	-	27,407
93000	Total Utilities	<u>140,243</u>	<u>248,833</u>	<u>14,819</u>	<u>403,895</u>	<u>-</u>	<u>403,895</u>
94100	Ordinary maintenance and operations - labor	152,447	106	152,062	304,615	-	304,615
94200	Ordinary maintenance and operations - materials and other	44,619	390,999	5,868	441,486	-	441,486
94300	Ordinary Maintenance and Operations Contracts	154,574	-	29,392	183,966	-	183,966
94000	Total Maintenance	<u>351,640</u>	<u>391,105</u>	<u>187,322</u>	<u>930,067</u>	<u>-</u>	<u>930,067</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
95100	Protective services - labor	25,575	-	-	25,575	-	25,575
95200	Protective services - other contract costs	684	252	974	1,910	-	1,910
95300	Protective services - other	12,916	-	-	12,916	-	12,916
95000	Total Protective Services	<u>39,175</u>	<u>252</u>	<u>974</u>	<u>40,401</u>	<u>-</u>	<u>40,401</u>
96110	Property Insurance	46,945	268,650	61,663	377,258	-	377,258
96140	All other Insurance	-	1,157	-	1,157	-	1,157
96100	Total Insurance Premiums	<u>46,945</u>	<u>269,807</u>	<u>61,663</u>	<u>378,415</u>	<u>-</u>	<u>378,415</u>
96200	Other general expenses	-	963,004	-	963,004	-	963,004
96300	Payments in lieu of taxes	19,605	-	-	19,605	-	19,605
96000	Total Other General Expenses	<u>19,605</u>	<u>963,004</u>	<u>-</u>	<u>982,609</u>	<u>-</u>	<u>982,609</u>
96710	Interest of Mortgage (or Bonds) Payable	-	807,917	-	807,917	-	807,917
96730	Amortization of Bond Issue Costs	-	45,683	-	45,683	-	45,683
96700	Interest expense and Amortization cost	<u>-</u>	<u>853,600</u>	<u>-</u>	<u>853,600</u>	<u>-</u>	<u>853,600</u>
96900	Total Operating Expenses	<u>1,480,975</u>	<u>4,250,178</u>	<u>1,099,792</u>	<u>6,830,945</u>	<u>(501,819)</u>	<u>6,329,126</u>
97000	Excess Revenue Over Operating Expenses	<u>(118,426)</u>	<u>3,167,321</u>	<u>(112,798)</u>	<u>2,936,097</u>	<u>-</u>	<u>2,936,097</u>
97100	Extraordinary maintenance	4,668	-	-	4,668	-	4,668
97300	Housing assistance payments	-	4,595,813	-	4,595,813	-	4,595,813
97400	Depreciation expense	459,054	1,991,712	1,235	2,452,001	-	2,452,001
90000	Total Expenses	<u>1,944,697</u>	<u>10,837,703</u>	<u>1,101,027</u>	<u>13,883,427</u>	<u>(501,819)</u>	<u>13,381,608</u>
10010	Operating transfer in	116,496	-	-	116,496	(116,496)	-
10020	Operating transfer out	(116,496)	-	-	(116,496)	116,496	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	<u>\$ (582,148)</u>	<u>\$ (3,420,204)</u>	<u>\$ (114,033)</u>	<u>\$ (4,116,385)</u>	<u>-</u>	<u>\$ (4,116,385)</u>
11030	Beginning equity	6,302,665	1,998,155	15,216,184	23,517,004	-	23,517,004
11040	Equity Transfers	(611,817)	31,384,802	846,200	31,619,185	-	31,619,185
11170-001	Administrative Fee Equity- Beginning Balance	-	101,691	-	101,691	-	101,691
11170-010	Administrative Fee Revenue	-	430,917	-	430,917	-	430,917
11170-045	Fraud Recovery Revenue	-	6,075	-	6,075	-	6,075
11170-060	Total Admin Fee Revenues	-	436,992	-	436,992	-	436,992
11170-080	Total Operating Expenses	-	782,261	-	782,261	-	782,261
11170-100	Other Expenses	-	240,262	-	240,262	-	240,262
11170-110	Total Expenses	-	1,022,523	-	1,022,523	-	1,022,523
11170-002	Net Administrative Fee	-	(585,531)	-	(585,531)	-	(585,531)
11170-003	Administrative Fee Equity- Ending Balance	-	(483,840)	-	(483,840)	-	(483,840)
11170	Administrative Fee Equity	<u>-</u>	<u>(483,840)</u>	<u>-</u>	<u>(483,840)</u>	<u>-</u>	<u>(483,840)</u>
11180-010	Housing Assistance Payments Equity - Beginning Balance	-	459,720	-	459,720	-	459,720
11180-020	Net Housing Assistance Payments	-	4,103,180	-	4,103,180	-	4,103,180
11180-050	Fraud Recovery Revenue	-	6,075	-	6,075	-	6,075
11180-060	Other Revenue	-	26,838	-	26,838	-	26,838
11180-090	Total Housing Assistance Payments Revenues	-	4,136,093	-	4,136,093	-	4,136,093
11180-100	Housing Assistance Payments	-	4,595,813	-	4,595,813	-	4,595,813
11180-130	Total Housing Assistance Payments Expenses	-	4,595,813	-	4,595,813	-	4,595,813
11180	Housing Assistance Payments Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11190	Unit Months Available	<u>3,120</u>	<u>15,180</u>	<u>-</u>	<u>18,300</u>	<u>-</u>	<u>18,300</u>
11210	Unit Months Leased	<u>2,996</u>	<u>12,115</u>	<u>-</u>	<u>15,111</u>	<u>-</u>	<u>15,111</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
111	Cash-unrestricted	\$ 228,765	\$ -	\$ 344,703	\$ 977,882	\$ 1,551,350
113	Cash-other restricted	50,914	-	-	454,685	505,599
114	Cash-tenant security deposits	-	-	-	191,359	191,359
100	Total Cash	<u>279,679</u>	<u>-</u>	<u>344,703</u>	<u>1,623,926</u>	<u>2,248,308</u>
121	Accounts receivable - PHA projects	38,817	-	-	-	38,817
122	Accounts receivable - HUD other projects	4,968	-	-	-	4,968
125	Account receivable - miscellaneous	1,482	-	4,521	94,617	100,620
126	Accounts receivable - tenants	-	-	-	20,961	20,961
126.1	Allowance for doubtful accounts - tenants	-	-	-	(1,302)	(1,302)
120	Total receivables, net of allowance for doubtful accounts	<u>45,267</u>	<u>-</u>	<u>4,521</u>	<u>114,276</u>	<u>164,064</u>
132	Investments - restricted	-	-	-	1,720,583	1,720,583
142	Prepaid expenses and other assets	-	-	-	68,638	68,638
150	Total Current Assets	<u>324,946</u>	<u>-</u>	<u>349,224</u>	<u>3,527,423</u>	<u>4,201,593</u>
161	Land	17,555	-	-	1,138,757	1,156,312
162	Buildings	-	-	-	48,361,873	48,361,873
163	Furniture, equipment and machinery - dwellings	157,993	-	-	1,472,183	1,630,176
164	Furniture, equipment and machinery - administration	43,301	-	-	-	43,301
165	Leasehold improvements	-	-	-	6,067,719	6,067,719
166	Accumulated depreciation	(201,294)	-	-	(9,920,411)	(10,121,705)
160	Total capital assets, net of accumulated depreciation	<u>17,555</u>	<u>-</u>	<u>-</u>	<u>47,120,121</u>	<u>47,137,676</u>
171	Notes, Loans, & mortgages receivable – Non-current	-	-	384,687	-	384,687
174	Other assets	-	-	1,476,342	630,758	2,107,100
180	Total Non-current Assets	<u>17,555</u>	<u>-</u>	<u>1,861,029</u>	<u>47,750,879</u>	<u>49,629,463</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 342,501</u>	<u>\$ -</u>	<u>\$ 2,210,253</u>	<u>\$ 51,278,302</u>	<u>\$ 53,831,056</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
312	Accounts payable <= 90 days	\$ -	\$ -	\$ -	\$ 27,759	\$ 27,759
341	Tenant security deposits	-	-	-	209,686	209,686
342	Unearned revenue	-	-	-	17,005	17,005
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	60,180	60,180
345	Other current liabilities	155,083	-	18,600	801,042	974,725
346	Accrued liabilities - other	50,914	-	-	188,806	239,720
347	Inter program - due to	620,344	-	-	-	620,344
310	Total Current Liabilities	826,341	-	18,600	1,304,478	2,149,419
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	16,375,658	16,375,658
353	Non-current liabilities - other	-	-	1,023,703	4,319,523	5,343,226
350	Total Non-current liabilities	-	-	1,023,703	20,695,181	21,718,884
300	Total Liabilities	826,341	-	1,042,303	21,999,659	23,868,303
508.4	Net investment in capital assets	17,555	-	-	30,684,283	30,701,838
511.4	Restricted net position	-	-	1,042,303	2,156,941	3,199,244
512.4	Unrestricted net position	(501,395)	-	125,647	(3,562,581)	(3,938,329)
513	Total Equity - Net Assets/Position	(483,840)	-	1,167,950	29,278,643	29,962,753
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 342,501	\$ -	\$ 2,210,253	\$ 51,278,302	\$ 53,831,056

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 2,700,059	\$ 2,700,059
70400	Tenant revenue - other	-	-	-	136,873	136,873
70500	Total Tenant Revenue	-	-	-	2,836,932	2,836,932
70600	HUD PHA operating grants	4,534,097	13,332	-	-	4,547,429
71100	Investment income - unrestricted	-	-	-	17	17
71400	Fraud recovery	12,150	-	-	-	12,150
71500	Other revenue	20,959	-	12	-	20,971
70000	Total Revenue	4,567,206	13,332	12	2,836,949	7,417,499
91100	Administrative salaries	201,957	13,332	10,262	276,034	501,585
91200	Auditing fees	9,817	-	10,000	-	19,817
91300	Management Fee	95,436	-	-	-	95,436
91310	Bookkeeping Fee	59,647	-	-	-	59,647
91400	Advertising and Marketing	2,750	-	-	-	2,750
91500	Employee benefit contributions - administrative	78,133	-	-	-	78,133
91600	Office Expenses	126,629	-	-	-	126,629
91700	Legal Expense	5,021	-	8,190	-	13,211
91800	Travel	1,438	-	-	-	1,438
91900	Other	14,410	-	164,523	445,998	624,931
91000	Total Operating-Administrative	595,238	13,332	192,975	722,032	1,523,577
93100	Water	652	-	-	-	652
93200	Electricity	1,565	-	-	245,559	247,124
93300	Gas	1,057	-	-	-	1,057
93000	Total Utilities	3,274	-	-	245,559	248,833
94100	Ordinary maintenance and operations - labor	106	-	-	-	106
94200	Ordinary maintenance and operations - materials and other	1,087	-	-	389,912	390,999
94000	Total Maintenance	1,193	-	-	389,912	391,105

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	Section 8 Voucher 14.871	Family Self Sufficiency 14.896	Blended Component Units	Discrete Component Units	Total
95200	Protective services - other contract costs	252	-	-	-	252
95000	Total Protective Services	<u>252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252</u>
96110	Property Insurance	9,130	-	-	259,520	268,650
96140	All other Insurance	-	-	1,157	-	1,157
96100	Total Insurance Premiums	<u>9,130</u>	<u>-</u>	<u>1,157</u>	<u>259,520</u>	<u>269,807</u>
96200	Other general expenses	173,174	-	74,674	715,156	963,004
96000	Total Other General Expenses	<u>173,174</u>	<u>-</u>	<u>74,674</u>	<u>715,156</u>	<u>963,004</u>
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	807,917	807,917
96730	Amortization of Bond Issue Costs	-	-	-	45,683	45,683
96700	Interest expense and Amortization cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,600</u>	<u>853,600</u>
96900	Total Operating Expenses	<u>782,261</u>	<u>13,332</u>	<u>268,806</u>	<u>3,185,779</u>	<u>4,250,178</u>
97000	Excess Revenue Over Operating Expenses	<u>3,784,945</u>	<u>-</u>	<u>(268,794)</u>	<u>(348,830)</u>	<u>3,167,321</u>
97300	Housing assistance payments	4,595,813	-	-	-	4,595,813
97400	Depreciation expense	-	-	-	1,991,712	1,991,712
90000	Total Expenses	<u>5,378,074</u>	<u>13,332</u>	<u>268,806</u>	<u>5,177,491</u>	<u>10,837,703</u>
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	<u>\$ (810,868)</u>	<u>\$ -</u>	<u>\$ (268,794)</u>	<u>\$ (2,340,542)</u>	<u>\$ (3,420,204)</u>
11030	Beginning equity	561,411	-	1,436,744	-	1,998,155
11040	Equity Transfers	(234,383)	-	-	31,619,185	31,384,802
11170-001	Administrative Fee Equity- Beginning Balance	101,691	-	-	-	101,691
11170-010	Administrative Fee Revenue	430,917	-	-	-	430,917
11170-045	Fraud Recovery Revenue	6,075	-	-	-	6,075
11170-060	Total Admin Fee Revenues	436,992	-	-	-	436,992
11170-080	Total Operating Expenses	782,261	-	-	-	782,261
11170-100	Other expenses	240,262	-	-	-	240,262
11170-110	Total Expenses	1,022,523	-	-	-	1,022,523
11170-002	Net Administrative Fee	(585,531)	-	-	-	(585,531)
11170-003	Administrative Fee Equity- Ending Balance	(483,840)	-	-	-	(483,840)
11170	Administrative Fee Equity	<u>(483,840)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(483,840)</u>
11180-010	Housing Assistance Payments Equity - Beginning Balance	459,720	-	-	-	459,720
11180-020	Net Housing Assistance Payments	4,103,180	-	-	-	4,103,180
11180-050	Fraud Recovery Revenue	6,075	-	-	-	6,075
11180-060	Other Revenue	26,838	-	-	-	26,838
11180-090	Total Housing Assistance Payments Revenues	4,136,093	-	-	-	4,136,093
11180-100	Housing Assistance Payments	4,595,813	-	-	-	4,595,813
11180-130	Total Housing Assistance Payments Expenses	4,595,813	-	-	-	4,595,813
11180	Housing Assistance Payments Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11190	Unit Months Available	<u>10,776</u>	<u>-</u>	<u>-</u>	<u>4,404</u>	<u>15,180</u>
11210	Unit Months Leased	<u>7,953</u>	<u>-</u>	<u>-</u>	<u>4,162</u>	<u>12,115</u>

Housing Authority of the City of Hammond, Indiana

**Financial Data Schedule
Year Ended December 31, 2017**

Line Item No.	Account Description	AMP 1	AMP 2	AMP 3	AMP 4	Total AMPS
114	Cash-tenant security deposits	\$ 475	\$ 55,494	\$ -	\$ -	\$ 55,969
100	Total Cash	<u>475</u>	<u>55,494</u>	<u>-</u>	<u>-</u>	<u>55,969</u>
125	Account receivable - miscellaneous	-	3,207	-	-	3,207
126	Accounts receivable - tenants	-	11,260	-	-	11,260
120	Total receivables, net of allowance for doubtful accounts	<u>-</u>	<u>14,467</u>	<u>-</u>	<u>-</u>	<u>14,467</u>
131	Investments - unrestricted	1,025,621	909,884	-	-	1,935,505
142	Prepaid expenses and other assets	-	32,667	-	-	32,667
143	Inventories	-	30,896	-	-	30,896
144	Inter program - due from	117,870	-	-	24,535	142,405
150	Total Current Assets	<u>1,143,966</u>	<u>1,043,408</u>	<u>-</u>	<u>24,535</u>	<u>2,211,909</u>
161	Land	188,609	105,727	-	-	294,336
162	Buildings	4,782	951,802	-	-	956,584
164	Furniture, equipment and machinery - administration	-	296,894	-	-	296,894
165	Leasehold improvements	53,357	11,697,584	-	-	11,750,941
166	Accumulated depreciation	(58,139)	(9,883,569)	-	-	(9,941,708)
160	Total capital assets, net of accumulated depreciation	<u>188,609</u>	<u>3,168,438</u>	<u>-</u>	<u>-</u>	<u>3,357,047</u>
180	Total Non-current Assets	<u>188,609</u>	<u>3,168,438</u>	<u>-</u>	<u>-</u>	<u>3,357,047</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 1,332,575</u>	<u>\$ 4,211,846</u>	<u>\$ -</u>	<u>\$ 24,535</u>	<u>\$ 5,568,956</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule
Year Ended December 31, 2017

Line Item No.	Account Description	AMP 1	AMP 2	AMP 3	AMP 4	Total AMPS
312	Accounts payable <= 90 days	\$ -	\$ 10	\$ -	\$ -	\$ 10
341	Tenant security deposits	475	55,494	-	-	55,969
345	Other current liabilities	-	177,408	-	-	177,408
346	Accrued liabilities - other	201	9,611	-	-	9,812
347	Inter program - due to	-	42,196	174,861	-	217,057
310	Total Current Liabilities	<u>676</u>	<u>284,719</u>	<u>174,861</u>	<u>-</u>	<u>460,256</u>
300	Total Liabilities	<u>676</u>	<u>284,719</u>	<u>174,861</u>	<u>-</u>	<u>460,256</u>
508.4	Net investment in capital assets	188,609	3,168,438	-	-	3,357,047
512.4	Unrestricted net position	1,143,290	758,689	(174,861)	24,535	1,751,653
513	Total Equity - Net Assets/Position	<u>1,331,899</u>	<u>3,927,127</u>	<u>(174,861)</u>	<u>24,535</u>	<u>5,108,700</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 1,332,575</u>	<u>\$ 4,211,846</u>	<u>\$ -</u>	<u>\$ 24,535</u>	<u>\$ 5,568,956</u>

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	AMP 1 - O	AMP 1 - CFP	AMP 1 - Total	AMP 2 - O	AMP 2 - CFP	AMP 2 - Total	AMP 3 - O	AMP 3 - CFP	AMP 3 - Total	AMP 4 - O	AMP 4 - CFP	AMP 4 - Total	Total AMPs
70300	Net tenant rental revenue	\$ 7,599	\$ -	\$ 7,599	\$ 459,713	\$ -	\$ 459,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,312
70400	Tenant revenue - other	-	-	-	4,099	-	4,099	-	-	-	-	-	-	4,099
70500	Total Tenant Revenue	7,599	-	7,599	463,812	-	463,812	-	-	-	-	-	-	471,411
70600	HUD PHA operating grants	40,810	19,897	60,707	580,657	67,435	648,092	127,069	20,595	147,664	22,871	8,569	31,440	887,903
71500	Other revenue	-	-	-	3,235	-	3,235	-	-	-	-	-	-	3,235
70000	Total Revenue	48,409	19,897	68,306	1,047,704	67,435	1,115,139	127,069	20,595	147,664	22,871	8,569	31,440	1,362,549
91100	Administrative salaries	3,097	-	3,097	114,323	-	114,323	-	-	-	-	-	-	117,420
91200	Auditing fees	1,550	-	1,550	9,817	-	9,817	-	-	-	-	-	-	11,367
91300	Management Fee	-	-	-	137,140	-	137,140	-	-	-	-	-	-	137,140
91310	Bookkeeping Fee	-	-	-	17,258	-	17,258	-	-	-	-	-	-	17,258
91500	Employee benefit contributions - administrative	2,183	-	2,183	102,556	-	102,556	-	-	-	-	-	-	104,739
91600	Office Expenses	2,486	-	2,486	34,190	-	34,190	-	-	-	-	-	-	36,676
91700	Legal Expense	-	-	-	8,337	-	8,337	-	-	-	-	-	-	8,337
91900	Other	20,657	-	20,657	77,213	-	77,213	322,525	-	322,525	6,905	-	6,905	427,300
91000	Total Operating-Administrative	29,973	-	29,973	500,834	-	500,834	322,525	-	322,525	6,905	-	6,905	860,237
92000	Asset Management Fee	120	-	120	23,010	-	23,010	-	-	-	-	-	-	23,130
93100	Water	-	-	-	21,989	-	21,989	-	-	-	-	-	-	21,989
93200	Electricity	-	-	-	93,987	-	93,987	-	-	-	-	-	-	93,987
93300	Gas	885	-	885	23,382	-	23,382	-	-	-	-	-	-	24,267
93000	Total Utilities	885	-	885	139,358	-	139,358	-	-	-	-	-	-	140,243
94100	Ordinary maintenance and operations - labor	1,157	-	1,157	151,290	-	151,290	-	-	-	-	-	-	152,447
94200	Ordinary maintenance and operations - materials and other	52	-	52	44,567	-	44,567	-	-	-	-	-	-	44,619
94300	Ordinary Maintenance and Operations Contracts	1,107	-	1,107	153,467	-	153,467	-	-	-	-	-	-	154,574
94000	Total Maintenance	2,316	-	2,316	349,324	-	349,324	-	-	-	-	-	-	351,640

Housing Authority of the City of Hammond, Indiana

Financial Data Schedule Year Ended December 31, 2017

Line Item No.	Account Description	AMP 1 - O	AMP 1 - CFP	AMP 1 - Total	AMP 2 - O	AMP 2 - CFP	AMP 2 - Total	AMP 3 - O	AMP 3 - CFP	AMP 3 - Total	AMP 4 - O	AMP 4 - CFP	AMP 4 - Total	Total AMPs
95100	Protective services - labor	3,175	-	3,175	22,400	-	22,400	-	-	-	-	-	-	25,575
95200	Protective services - other contract costs	-	-	-	684	-	684	-	-	-	-	-	-	684
95300	Protective services - other	2,909	-	2,909	10,007	-	10,007	-	-	-	-	-	-	12,916
95000	Total Protective Services	6,084	-	6,084	33,091	-	33,091	-	-	-	-	-	-	39,175
96110	Property Insurance	290	-	290	46,655	-	46,655	-	-	-	-	-	-	46,945
96100	Total Insurance Premiums	290	-	290	46,655	-	46,655	-	-	-	-	-	-	46,945
96300	Payments in lieu of taxes	436	-	436	19,169	-	19,169	-	-	-	-	-	-	19,605
96000	Total Other General Expenses	436	-	436	19,169	-	19,169	-	-	-	-	-	-	19,605
96900	Total Operating Expenses	40,104	-	40,104	1,111,441	-	1,111,441	322,525	-	322,525	6,905	-	6,905	1,480,975
97000	Excess Revenue Over Operating Expenses	8,305	19,897	28,202	(63,737)	67,435	3,698	(195,456)	20,595	(174,861)	15,966	8,569	24,535	(118,426)
97100	Extraordinary maintenance	-	-	-	4,668	-	4,668	-	-	-	-	-	-	4,668
97400	Depreciation expense	6,777	-	6,777	452,277	-	452,277	-	-	-	-	-	-	459,054
90000	Total Expenses	46,881	-	46,881	1,568,386	-	1,568,386	322,525	-	322,525	6,905	-	6,905	1,944,697
10010	Operating transfer in	19,897	-	19,897	67,435	-	67,435	20,595	-	20,595	8,569	-	8,569	116,496
10020	Operating transfer out	-	(19,897)	(19,897)	-	(67,435)	(67,435)	-	(20,595)	(20,595)	-	(8,569)	(8,569)	(116,496)
10100	Total other financing sources (uses)	19,897	(19,897)	-	67,435	(67,435)	-	20,595	(20,595)	-	8,569	(8,569)	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 21,425	\$ -	\$ 21,425	\$ (453,247)	\$ -	\$ (453,247)	\$ (174,861)	\$ -	\$ (174,861)	\$ 24,535	\$ -	\$ 24,535	\$ (582,148)
11030	Beginning equity	1,643,136	-	1,643,136	4,659,529	-	4,659,529	-	-	-	-	-	-	6,302,665
11040	Equity Transfers	(332,662)	-	(332,662)	(279,155)	-	(279,155)	-	-	-	-	-	-	(611,817)
11190	Unit Months Available	12	-	12	2,388	-	2,388	516	-	516	204	-	204	3,120
11210	Unit Months Leased	12	-	12	2,301	-	2,301	492	-	492	191	-	191	2,996

Housing Authority of the City of Hammond, Indiana

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Federal Grantor/Program Title	Federal CFDA #	Expenditures
Direct Awards		
U.S. Department of Housing & Urban Development:		
Operating Subsidy	14.850	\$ 771,408
Capital Fund Program	14.872	116,495
Family Self Sufficiency Services	14.896	13,332
Housing Choice Vouchers Cluster		
Section 8 Housing Choice Vouchers	14.871	4,534,097
Total Housing Choice Vouchers Cluster		<u>4,534,097</u>
Total HUD		<u>5,435,332</u>
Total Direct Federal Awards		<u>5,435,332</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 5,435,332</u></u>

Housing Authority of the City of Hammond, Indiana

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the City Hammond, Indiana, under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City Hammond, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the City Hammond, Indiana.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized in accordance with the cost principles contained in the Uniform Guidance. The Housing Authority of the City Hammond, Indiana has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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