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August 20, 2019

Board of Commissioners
Housing Authority of the County of Delaware
2401 South Haddix Avenue
Muncie, IN 47302-7547

We have reviewed the audit report of the Housing Authority of the County of Delaware (Authority) which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period January 1, 2018 to December 31, 2018. Per the Independent Auditors' Report, the financial statements included in the report present fairly the financial condition of the Authority, as of December 31, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

DELAWARE COUNTY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Muncie, Indiana

December 31, 2018

Goldie Roberts

Certified Public Accountant

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

DELAWARE COUNTY
HOUSING AUTHORITY

Muncie, Indiana
December 31, 2018

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vii and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 18 through 19 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 4, 2019 on my consideration of the Delaware County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware County Housing Authority's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 4, 2019

Delaware County Housing Authority

Muncie, Indiana

Management's Discussion and Analysis

December 31, 2018

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

Financial Highlights

The most significant changes on the 2018 financial statements were in assets, liabilities, deferred resources, and expendable fund balance.

Authorities participating in a defined benefit plan are subject to GASB 68 in which they are required to report an allocated share of net unfunded pension liability. Deferred outflows of resources represent a consumption of net position which are applicable to a future reporting period and have a positive effect, like assets. Deferred inflows of resources are an acquisition of net assets which are applicable to a future reporting period and have a negative effect, like liabilities.

Overview of the Financial Statements

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

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

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities like those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance for year-end December 31, 2018.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain property (meets HUD specifications and inspections), and determines

Delaware County Housing Authority

Muncie, Indiana

Management's Discussion and Analysis

December 31, 2018

whether the Housing Authority has successfully recovered costs through its rental fees and other charges. It can also be used to measure profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also provides answers to such questions as the source, spending, and change in cash during the reporting period.

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

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format.

Financial Analysis

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

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on December 31, 2018. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues generated, and the expenses incurred in operating the Housing Authority for the year-ended December 31, 2018.

Delaware County Housing Authority has a low-rent program that provides housing for qualified tenants, a capital fund program for improvements to its low-rent property, and a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing. The following analysis focuses on the net position and the change in net position not the individual programs.

Delaware County Housing Authority

Muncie, Indiana

Management's Discussion and Analysis

December 31, 2018

Net Position

December 31,

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 311,770	\$ 289,582	\$ 22,188	7.66%
Capital Assets, Net	<u>1,265,124</u>	<u>1,495,151</u>	<u>(230,027)</u>	<u>-15.38%</u>
Total Assets	<u>1,576,894</u>	<u>1,784,733</u>	<u>(207,839)</u>	<u>-11.65%</u>
Deferred Outflow of Resources	<u>24,566</u>	<u>72,659</u>	<u>(48,093)</u>	<u>-66.19%</u>
Current Liabilities	85,537	89,586	(4,049)	-4.52%
Noncurrent Liabilities	<u>242,952</u>	<u>305,898</u>	<u>(62,946)</u>	<u>-20.58%</u>
Total Liabilities	<u>328,489</u>	<u>395,484</u>	<u>(66,995)</u>	<u>-16.94%</u>
Deferred Inflow of Resources	<u>40,426</u>	<u>24,591</u>	<u>15,835</u>	<u>64.39%</u>
Net Position:				
Investment in Capital Assets	1,265,124	1,495,151	(230,027)	-15.38%
Restricted Net Position	9,278	7,792	1,486	19.07%
Unrestricted Net Position	<u>(41,857)</u>	<u>(65,626)</u>	<u>23,769</u>	<u>-36.22%</u>
Total Net Position	\$ <u>1,232,545</u>	\$ <u>1,437,317</u>	\$ <u>(204,772)</u>	<u>-14.25%</u>

Capital Assets

(Net of Accumulated Depreciation)

December 31,

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 26,384	\$ 26,384	\$ 0	0.00%
Buildings	8,611,132	8,611,132	0	0.00%
Furniture & Equipment - Dwell	216,502	216,502	0	0.00%
Furniture & Equipment - Admin	336,564	353,064	(16,500)	-4.67%
Leasehold Improvements	<u>1,854,196</u>	<u>1,854,196</u>	<u>0</u>	<u>0.00%</u>
Subtotal	11,044,778	11,061,278	(16,500)	-0.15%
Accumulated Depreciation	<u>(9,779,654)</u>	<u>(9,566,127)</u>	<u>(213,527)</u>	<u>2.23%</u>
Net Capital Assets	\$ <u>1,265,124</u>	\$ <u>1,495,151</u>	\$ <u>(230,027)</u>	<u>-15.38%</u>

More detailed information about the capital assets is presented in the Notes to the Financial Statements.

Delaware County Housing Authority

Muncie, Indiana

Management's Discussion and Analysis

December 31, 2018

Net Position

Total assets consist of current and capital assets. Current assets are resources that are reasonably expected, based on plans and intentions, to be converted into cash or its equivalent during the current operating cycle. Capital assets are long-term tangible assets obtained because of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Total liabilities consist of current and noncurrent payables. Current liabilities are current debts that are owed and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt. Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume current financial resources to satisfy the debt.

Annual depreciation exceeded capital additions which decreased total assets. Total liabilities decreased due mainly to accrued pension liabilities (unfunded portion of promised retirement benefits).

Changes in deferred resources (the Authority's defined pension plan) are governed by the state retirement system guidelines.

Total Net Position

The balance in total net position, \$1,232,545, was the compilation of revenues, expenses, and capital expenditures accumulated during the life of the Housing Authority. Current year expenses (\$2,243,442) exceeded revenues (\$2,038,670) by \$204,772 which resulted in a decrease in equity (net position).

Debt

The Authority had no long-term obligations such as notes or bonds payable.

Expendable Fund Balance

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	\$ <u>208,344</u>	\$ <u>189,392</u>	\$ <u>18,952</u>	<u>10.01%</u>
Number of Months Expendable Fund	<u>2.17</u>	<u>1.82</u>	<u>0.35</u>	<u>19.41%</u>

Delaware County Housing Authority

Muncie, Indiana

Management's Discussion and Analysis

December 31, 2018

Expendable Fund Balance

If current assets, less materials inventory, were converted to cash and all current liabilities were paid, the Authority's cash balance (expendable fund balance) would be \$208,344 which increased \$18,952.

Number of Months Expendable Fund Balance

The expendable fund balance is divided by average monthly expense (total expenses for the year, less depreciation, divided by twelve (12) in order to determine the number of months expendable fund balance. This factor indicates the number of months the entity could operate without relying on additional funding. As of the fiscal year-end, the Authority could continue operations for 2.17 months.

Changes in Net Position

For the Year Ended December 31

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$ 450,191	\$ 479,562	\$ (29,371)	-6.12%
Federal Grants & Subsidy	1,581,513	1,649,762	(68,249)	-4.14%
Investment	660	372	288	77.42%
Other Income	6,306	5,541	765	13.81%
Total Revenue	<u>2,038,670</u>	<u>2,135,237</u>	<u>(96,567)</u>	<u>-4.52%</u>
Expenses:				
Administrative	481,564	456,357	25,207	5.52%
Tenant Services	20	374	(354)	-94.65%
Utilities	199,011	173,672	25,339	14.59%
Routine Maintenance	347,749	473,636	(125,887)	-26.58%
Protective Services	6,203	7,511	(1,308)	-17.41%
General	102,431	104,494	(2,063)	-1.97%
Non-Routine	12,931	32,172	(19,241)	-59.81%
Housing Assistance Payments	863,506	894,537	(31,031)	-3.47%
Depreciation	230,027	263,106	(33,079)	-12.57%
Total Operating Expenses	<u>2,243,442</u>	<u>2,405,859</u>	<u>(162,417)</u>	<u>-6.75%</u>
Increase (Decrease) in Net Position	<u>\$ (204,772)</u>	<u>\$ (270,622)</u>	<u>\$ 65,850</u>	<u>-24.33%</u>

Changes in Net Position

Total revenue decreased due to average monthly tenant rental rates plus operating and HAP/admin fee revenues received in 2018 as compared to 2017. Total operating expenses decreased due to

Delaware County Housing Authority

Muncie, Indiana

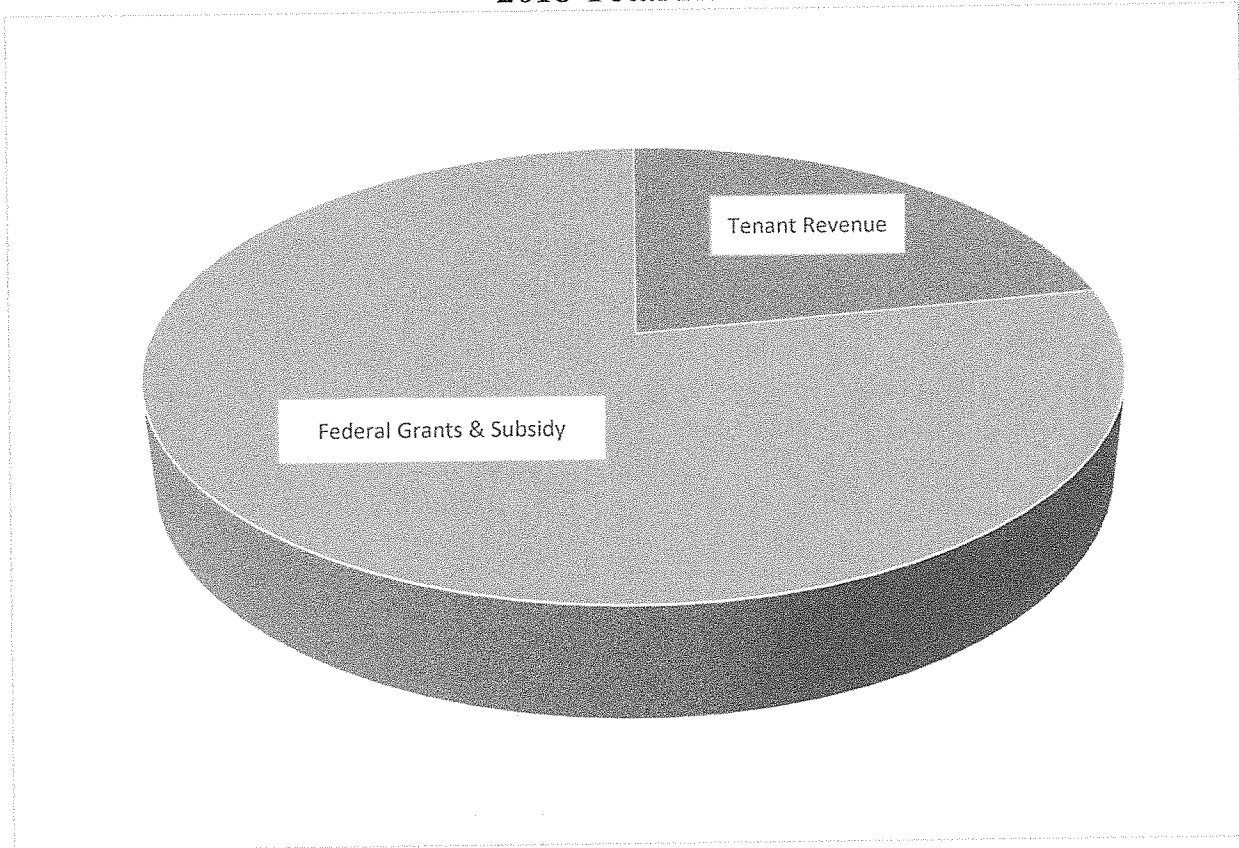
Management's Discussion and Analysis

December 31, 2018

general maintenance repairs, Section 8 applicants assisted with housing needs, and assets which were fully depreciated.

Investment revenue and other income along with tenant services, protective services, and non-routine expenses had minimal effects on the 2018 financial statements which were not included in the following graphs.

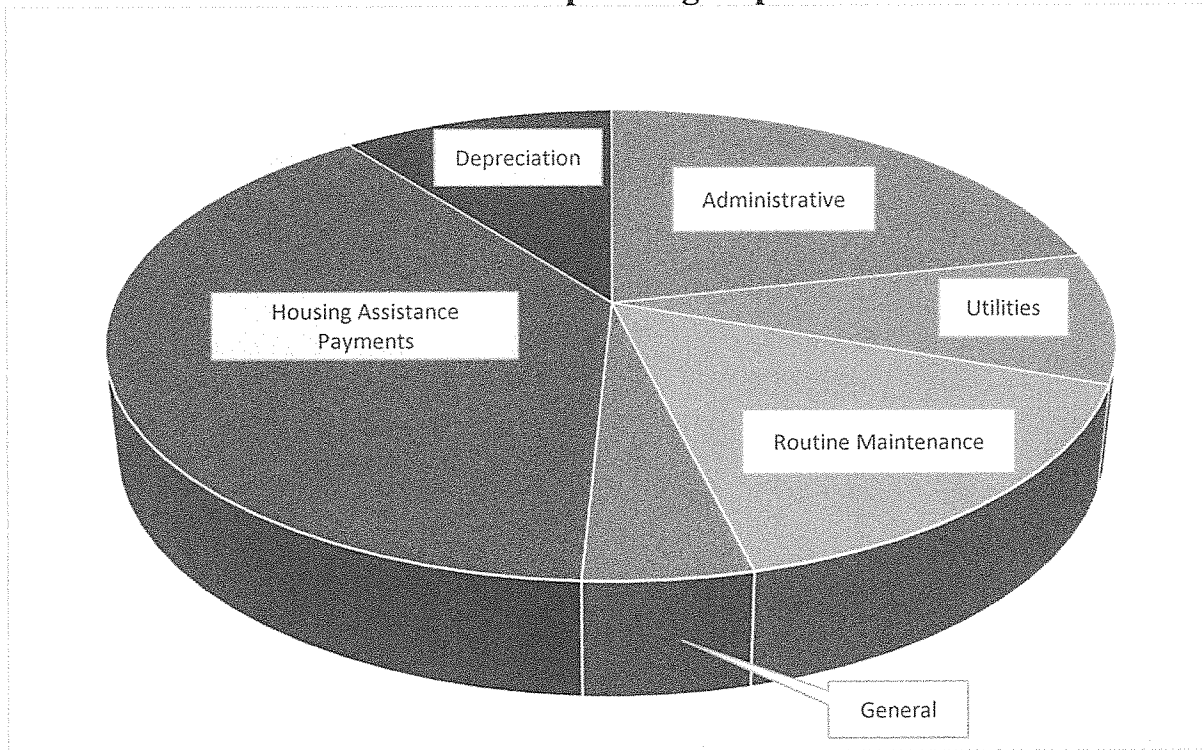
2018 Total Revenue



Delaware County Housing Authority
Muncie, Indiana

Management's Discussion and Analysis
December 31, 2018

2018 Total Operating Expenses



Economic Factors

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

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Ms. Nome Marienau, Executive Director, Delaware County Housing Authority, 2401 S. Haddix Ave., Muncie, IN 47302, telephone number (765) 284-3801.

FINANCIAL STATEMENTS

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$	233,490
Restricted cash and cash equivalents		57,911
Accounts receivable, net		8,452
Prepaid expenses		3,306
Inventory, net		8,611
Total Current Assets		<u>311,770</u>

Capital Assets

Land and other nondepreciable assets		26,384
Depreciable capital assets, net		<u>1,238,740</u>
Total Capital Assets		<u>1,265,124</u>

Total Assets

1,576,894

Deferred outflow of resources

Pension related		<u>24,566</u>
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Total Assets and Deferred Outflow of Resources

1,601,460

LIABILITIES

Current liabilities

Accounts payable		17,398
Accrued liabilities		17,701
Payable from restricted cash and cash equivalents:		
Tenant's security deposits		48,633
Unearned revenue		<u>1,805</u>
Total Current Liabilities		<u>85,537</u>

Noncurrent liabilities

Accrued compensated absences		33,015
Net Pension Liability		<u>209,937</u>
Total Noncurrent Liabilities		<u>242,952</u>

Total Liabilities

328,489

Deferred inflow of resources

40,426

NET POSITION

Net investment in capital assets		1,265,124
Restricted		9,278
Unrestricted		<u>(41,857)</u>
Total Net Position	\$	<u><u>1,232,545</u></u>

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

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

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

OPERATING REVENUES

Rental income	\$ 450,191
Other income	6,306
	<hr/>
TOTAL OPERATING REVENUE	456,497

OPERATING EXPENSES

Administrative	481,564
Tenant services	20
Utilities	199,011
Ordinary maintenance and operation	360,680
Protective Services	6,203
General expense	102,431
Housing assistance payments	863,506
Depreciation expense	230,027
	<hr/>
TOTAL OPERATING EXPENSES	2,243,442

OPERATING INCOME (LOSS) (1,786,945)

NONOPERATING REVENUES

Federal operating grants	1,581,513
Interest income	660
	<hr/>
TOTAL NONOPERATING REVENUES	1,582,173

CAPITAL CONTRIBUTIONS 0

CHANGE IN NET POSITION **(204,772)**

TOTAL NET POSITION - BEGINNING OF YEAR 1,437,317

TOTAL NET POSITION - END OF YEAR \$ 1,232,545

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

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	451,728
Payments to vendors		(566,522)
Payments to landlords		(863,506)
Payments to employees		(567,918)
Net Cash Used by Operating Activities		<u>(1,546,218)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>1,581,513</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities		<u>1,581,513</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		<u>0</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>0</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		<u>660</u>
Net Cash Flows Provided (Used) by Investing Activities		<u>660</u>

Net Increase (Decrease) in Cash and Cash Equivalents		35,955
Cash - Beginning of year		<u>255,446</u>
Cash - End of year	\$	<u><u>291,401</u></u>

Reconciliation of Cash		
Unrestricted	\$	233,490
Restricted		<u>57,911</u>
Total Cash and Cash Equivalents	\$	<u><u>291,401</u></u>

Continued

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

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

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

Operating income (loss)	\$ (1,786,945)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	230,027
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(4,769)
Prepaid expenses	18,536
Increase (Decrease) in:	
Accounts payable	(7,329)
Pension related	1,102
Accrued liabilities	3,368
Unearned revenue	(208)
Net Cash Flows Provided by Operating Activities	\$ <u>(1,546,218)</u>

The accompanying notes are an integral part of these financial statements

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE A - Summary of Significant Accounting Policies and Organization:

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

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

The financial statements of the Delaware County Housing Authority include the following: At December 31, 2018, the Housing Authority has 408 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	162
Housing Assistance Payments Program: Vouchers	<u>256</u>
Total	<u>418</u>

The Authority is also operating Capital Fund Grant Programs.

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

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

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

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

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

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

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

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

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

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

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

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

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

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

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-40 years
Maintenance and Office equipment	5-10 years

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

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

Operating and Non-operating Revenues

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income and unusual revenues are classified as non-operating revenues.

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

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

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause. Revenues associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

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

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

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

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

At December 31, 2018, the carrying amount of the Authority's deposits was \$219,401. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

	<u>Per books</u>	<u>Per banks</u>
Checking accounts	\$291,401	\$293,481

NOTE C - Accounts Receivable:

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

Tenants, net of allowance of \$ 2,764	<u>\$ 8,452</u>
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NOTE D - Prepaid Expenses and Other Assets:

Prepaid expenses and other assets at December 31, 2018, consist of the following:

Prepaid insurance costs	<u>\$ 3,036</u>
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DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE E - Inventory:

Inventory at December 31, 2018, consist of the following:

Materials and supplies (net of \$453 allowance) \$ 8,611

Inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenses. Expenses are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>12/31/18</u>
Capital assets, not being depreciated:					
Land	\$ 26,384	\$ 0	\$ 0	\$ 0	\$ 26,384
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>26,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,384</u>
Capital Assets, being depreciated:					
Buildings & Improvements	10,465,328	0	0	0	0
Furniture, Equipment & Machinery	<u>569,566</u>	<u>0</u>	<u>(16,500)</u>	<u>0</u>	<u>10,465,328</u>
Total Capital Assets, being depreciated	<u>11,034,894</u>	<u>0</u>	<u>(16,500)</u>	<u>0</u>	<u>11,018,394</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(9,087,821)	(218,526)	0	0	9,303,347
Furniture, Equipment and Machinery	<u>478,306</u>	<u>(11,501)</u>	<u>16,500</u>	<u>0</u>	<u>476,307</u>
Total Accumulated Depreciation:	<u>(9,566,127)</u>	<u>(230,027)</u>	<u>16,500</u>	<u>0</u>	<u>(9,779,654)</u>
Total Capital Assets, being depreciated, net	<u>1,468,767</u>	<u>(230,027)</u>	<u>0</u>	<u>0</u>	<u>1,238,740</u>
Capital Assets, Net	<u>\$ 1,495,151</u>	<u>\$ (230,027)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,265,124</u>

Depreciation expense of \$230,027 was incurred during the year.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G - Pension Plan:

Description of Pension Plan

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

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

Benefits Provided

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

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

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

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

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

The PERF Hybrid Plan also provides disability and survivor benefits.

Contributions

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G - Pension Plan: (Continued)

Employer Allocations

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

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

Net Pension Liability

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

Actuarial Assumptions

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

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

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

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

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

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

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G - Pension Plan: (Continued)

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

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

Discount Rate

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

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

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

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$330,475	\$209,937	\$109,422

Pension Expense

For the year ended December 31, 2018, the Housing Authority recognized pension expense of \$32,917, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G - Pension Plan: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$2,746	\$14
Net differences between projected and actual investment earnings on pension plan investments	6,218	0
Change of assumptions	500	33,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	471	6,704
Contributions made after plan year end (measurement date)	14,631	\$0
Total	\$24,566	\$40,426

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

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2019	\$ (474)
2020	\$ (9,912)
2021	\$ (16,389)
2022	\$ (3716)
2034 Thereafter	
Total	\$(30,491)

The information presented above has not been audited.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE H - Accounts Payable:

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

Vendors' accounts payable	\$ <u>17,398</u>
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NOTE I - Accrued Liabilities:

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

Accrued payroll	\$ 14,033
Accrued compensated absences	<u>3,668</u>
Total	<u>\$ 17,701</u>

NOTE J - Unearned Revenue:

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

Tenant prepaid rents	\$ <u>1,805</u>
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NOTE K - Noncurrent Liabilities

	<u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>	<u>Current Portion</u>	<u>Total</u>
Compensated Absences	\$ 26,159	\$ 6,856	\$ 0	\$ 33,015	\$ 3,668	\$ 36,683
Pension Liabilities	<u>279,939</u>	<u>0</u>	<u>70,002</u>	<u>209,937</u>	<u>0</u>	<u>209,937</u>
	<u>\$ 305,898</u>	<u>\$ 6,856</u>	<u>\$ 70,002</u>	<u>\$ 242,952</u>	<u>\$ 3,668</u>	<u>\$ 242,752</u>

NOTE L - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended December 31, 2018 were as follows:

Low Rent Public Housing	\$ 454,172
Housing Choice Voucher	954,306
Capital Fund Program	<u>173,035</u>
Total	<u>\$ 1,581,513</u>

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE M - Commitments and Contingencies:

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

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

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

Construction Projects: There are no major construction projects in progress at December 31, 2018.

NOTE N - Risk Management:

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

NOTE O - Economic Dependency:

The Authority receives approximately 78% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE P - Conduit Type Debt:

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

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

NOTE Q - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through April 4, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Delaware County Housing Authority's proportion of the net pension liability	.0000634	.0000658	.0000627	.0000618
Delaware County Housing Authority's proportionate share of the net pension liability	\$ 258,222	\$ 298,630	\$ 279,739	\$ 209,937
Delaware County Housing Authority's covered employee payroll	\$ 303,706	\$ 315,335	\$ 310,963	\$ 315,486
Delaware County Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	85.02%	94.70%	89.95%	66.54%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/18

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

SCHEDULE OF THE DELAWARE COUNTY HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 258,222	\$ 298,630	\$ 279,739	\$ 209,937
Contributions in relation to the contractually required contribution	258,222	298,630	279,739	209,937
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Delaware County Housing Authority's covered employee payroll	\$ 303,706	\$ 305,335	\$ 310,963	\$ 315,786
Contributions as a percentage of covered employee payroll	8.50%	9.47%	8.99%	6.65%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/18

SUPPLEMENTAL FINANCIAL INFORMATION

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2018

	Annual Contributions Contracts		
	IN004	IN004	IN004
	Low Income Public Housing	Capital Fund Programs	Section 8 Voucher Program
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 202,440	\$ 0	\$ 31,050
Restricted cash and cash equivalents	48,633	0	9,278
Accounts receivable, net	8,452	0	0
Interprogram due from	0	0	0
Prepaid expenses	3,306	0	0
Inventory, net	8,611	0	0
Total Current Assets	271,442	0	40,328
<u>Capital Assets</u>			
Land and other nondepreciable assets	26,384	0	0
Depreciable capital assets, net	1,238,740	0	0
Total Capital Assets	1,265,124	0	0
Total Assets	1,536,566	0	40,328
<u>Deferred outflow of resources</u>			
Pension related	24,566	0	0
Total Assets and Deferred Outflow of Resources	1,561,132	0	40,328
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	17,398	0	0
Accrued liabilities	16,478	0	1,223
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	48,633	0	0
Unearned revenue	1,805	0	0
Interprogram due to	0	0	0
Total Current Liabilities	84,314	0	1,223
<u>Noncurrent liabilities</u>			
Long Term Compensated Absences	31,891	0	1,124
Net Pension Liability	209,937	0	0
Total Noncurrent Liabilities	241,828	0	1,124
Total Liabilities	326,142	0	2,347
<u>Deferred inflow or resources</u>	40,426	0	0
<u>NET POSITION</u>			
Net investment in capital assets	1,265,124	0	0
Restricted	0	0	9,278
Unrestricted	(70,560)	0	28,703
Total Net Position	\$ 1,194,564	\$ 0	\$ 37,981

IN004

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 233,490
0	57,911
0	8,452
0	0
0	3,306
0	8,611
<u>0</u>	<u>311,770</u>
0	26,384
0	1,238,740
<u>0</u>	<u>1,265,124</u>
<u>0</u>	<u>1,576,894</u>
0	24,566
<u>0</u>	<u>1,601,460</u>
0	17,398
0	17,701
0	48,633
0	1,805
0	0
<u>0</u>	<u>85,537</u>
0	33,015
0	209,937
0	242,952
<u>0</u>	<u>328,489</u>
<u>0</u>	<u>40,426</u>
0	1,265,124
0	9,278
0	(41,857)
<u>\$ 0</u>	<u>\$ 1,232,545</u>

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

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

	Annual Contributions Co		
	IN004	IN004	IN004
	Low Income Public Housing	Capital Fund Programs	Section 8 Voucher Program
<u>OPERATING REVENUES</u>			
Rental income	\$ 450,191	\$ 0	\$ 0
Other income	4,982	0	1,324
TOTAL OPERATING REVENUE	455,173	0	1,324
<u>OPERATING EXPENSES</u>			
Administrative	406,498	0	75,066
Tenant services	20	0	0
Utilities	199,011	0	0
Ordinary maintenance and operation	360,455	0	225
Protective services	6,203	0	0
General expense	101,570	0	861
Housing assistance payments	0	0	863,506
Depreciation expense	230,027	0	0
TOTAL OPERATING EXPENSES	1,303,784	0	939,658
OPERATING INCOME (LOSS)	(848,611)	0	(938,334)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Federal operating grants	454,172	173,035	954,306
Gain on sale of capital assets	0	0	0
Interest income	654	0	6
TOTAL NONOPERATING REVENUES (EXPENSES)	454,826	173,035	954,312
CAPITAL CONTRIBUTIONS	0	0	0
CHANGE IN NET ASSETS	(393,785)	173,035	15,978
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	1,415,314	0	22,003
Equity transfers	173,035	(173,035)	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,588,349	(173,035)	22,003
TOTAL NET POSITION - END OF YEAR	\$ 1,194,564	\$ 0	\$ 37,981

contracts

IN004

<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 450,191
0	6,306
<u>0</u>	<u>456,497</u>
0	481,564
0	20
0	199,011
0	360,680
0	6,203
0	102,431
0	863,506
0	230,027
<u>0</u>	<u>2,243,442</u>
<u>0</u>	<u>(1,786,945)</u>
0	1,581,513
0	0
0	660
<u>0</u>	<u>1,582,173</u>
<u>0</u>	<u>0</u>
<u>0</u>	<u>(204,772)</u>
0	1,437,317
0	0
<u>0</u>	<u>1,437,317</u>
<u>\$ 0</u>	<u>\$ 1,232,545</u>

Delaware County Housing Authority (IN004)

MUNCIE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$202,435	\$31,050	\$233,485		\$233,485
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$9,278	\$9,278		\$9,278
114 Cash - Tenant Security Deposits	\$48,633	\$0	\$48,633		\$48,633
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0		\$0
100 Total Cash	\$251,068	\$40,328	\$291,396		\$291,396
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0		\$0
124 Accounts Receivable - Other Government	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$6,558	\$0	\$6,558		\$6,558
126.1 Allowance for Doubtful Accounts -Tenants	-\$2,764	\$0	-\$2,764		-\$2,764
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$4,658	\$0	\$4,658		\$4,658
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,452	\$0	\$8,452		\$8,452
131 Investments - Unrestricted	\$5	\$0	\$5		\$5
132 Investments - Restricted	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$3,306	\$0	\$3,306		\$3,306
143 Inventories	\$9,064	\$0	\$9,064		\$9,064

143.1 Allowance for Obsolete Inventories	-\$453	\$0	-\$453	-\$453
144 Inter Program Due From	\$0	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0
150 Total Current Assets	\$271,442	\$40,328	\$311,770	\$311,770
161 Land	\$26,384	\$0	\$26,384	\$26,384
162 Buildings	\$8,611,132	\$0	\$8,611,132	\$8,611,132
163 Furniture, Equipment & Machinery - Dwellings	\$216,502	\$0	\$216,502	\$216,502
164 Furniture, Equipment & Machinery - Administration	\$318,844	\$17,720	\$336,564	\$336,564
165 Leasehold Improvements	\$1,854,196	\$0	\$1,854,196	\$1,854,196
166 Accumulated Depreciation	-\$9,761,934	-\$17,720	-\$9,779,654	-\$9,779,654
167 Construction in Progress	\$0	\$0	\$0	\$0
168 Infrastructure	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,265,124	\$0	\$1,265,124	\$1,265,124
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$1,265,124	\$0	\$1,265,124	\$1,265,124
200 Deferred Outflow of Resources	\$24,566	\$0	\$24,566	\$24,566
290 Total Assets and Deferred Outflow of Resources	\$1,561,132	\$40,328	\$1,601,460	\$1,601,460
311 Bank Overdraft	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$17,398	\$0	\$17,398	\$17,398
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$12,935	\$1,098	\$14,033	\$14,033
322 Accrued Compensated Absences - Current Portion	\$3,543	\$125	\$3,668	\$3,668
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0

331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$48,633	\$0	\$48,633	\$48,633
342 Unearned Revenue	\$1,805	\$0	\$1,805	\$1,805
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$84,314	\$1,223	\$85,537	\$85,537
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$31,891	\$1,124	\$33,015	\$33,015
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$209,937	\$0	\$209,937	\$209,937
350 Total Non-Current Liabilities	\$241,828	\$1,124	\$242,952	\$242,952
300 Total Liabilities	\$326,142	\$2,347	\$328,489	\$328,489
400 Deferred Inflow of Resources	\$40,426	\$0	\$40,426	\$40,426
508.4 Net Investment in Capital Assets	\$1,265,124	\$0	\$1,265,124	\$1,265,124
511.4 Restricted Net Position	\$0	\$9,278	\$9,278	\$9,278
512.4 Unrestricted Net Position	-\$70,560	\$28,703	-\$41,857	-\$41,857
513 Total Equity - Net Assets / Position	\$1,194,564	\$37,981	\$1,232,545	\$1,232,545
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,561,132	\$40,328	\$1,601,460	\$1,601,460

Delaware County Housing Authority (IN004)
MUNCIE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$428,112	\$0	\$428,112		\$428,112
70400 Tenant Revenue - Other	\$22,079	\$0	\$22,079		\$22,079
70500 Total Tenant Revenue	\$450,191	\$0	\$450,191	\$0	\$450,191
70600 HUD PHA Operating Grants	\$627,207	\$954,306	\$1,581,513		\$1,581,513
70610 Capital Grants	\$0	\$0	\$0		\$0
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$654	\$6	\$660		\$660
71200 Mortgage Interest Income	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$1,324	\$1,324		\$1,324
71500 Other Revenue	\$4,982	\$0	\$4,982		\$4,982
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0		\$0
70000 Total Revenue	\$1,083,034	\$955,636	\$2,038,670	\$0	\$2,038,670
91100 Administrative Salaries	\$233,235	\$40,736	\$273,971		\$273,971

91200 Auditing Fees	\$8,100	\$900	\$9,000		\$9,000
91300 Management Fee	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$1,218	\$170	\$1,388		\$1,388
91500 Employee Benefit contributions - Administrative	\$91,305	\$22,689	\$113,994		\$113,994
91600 Office Expenses	\$15,343	\$94	\$15,437		\$15,437
91700 Legal Expense	\$6,420	\$10	\$6,430		\$6,430
91800 Travel	\$5,249	\$362	\$5,611		\$5,611
91810 Allocated Overhead	\$0	\$0	\$0		\$0
91900 Other	\$45,628	\$10,105	\$55,733		\$55,733
91000 Total Operating - Administrative	\$406,498	\$75,066	\$481,564	\$0	\$481,564
92000 Asset Management Fee	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$20	\$0	\$20		\$20
92500 Total Tenant Services	\$20	\$0	\$20	\$0	\$20
93100 Water	\$39,864	\$0	\$39,864		\$39,864
93200 Electricity	\$14,537	\$0	\$14,537		\$14,537
93300 Gas	\$76,023	\$0	\$76,023		\$76,023
93400 Fuel	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0		\$0
93600 Sewer	\$68,587	\$0	\$68,587		\$68,587
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0		\$0
93000 Total Utilities	\$199,011	\$0	\$199,011	\$0	\$199,011
94100 Ordinary Maintenance and Operations - Labor	\$146,825	\$0	\$146,825		\$146,825
94200 Ordinary Maintenance and Operations - Materials and Other	\$53,837	\$225	\$54,062		\$54,062
94300 Ordinary Maintenance and Operations Contracts	\$93,660	\$0	\$93,660		\$93,660
94500 Employee Benefit Contributions - Ordinary Maintenance	\$53,202	\$0	\$53,202		\$53,202

94000 Total Maintenance	\$347,524	\$225	\$347,749	\$0	\$347,749
95100 Protective Services - Labor	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$6,203	\$0	\$6,203		\$6,203
95300 Protective Services - Other	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$6,203	\$0	\$6,203	\$0	\$6,203
96110 Property Insurance	\$46,546	\$0	\$46,546		\$46,546
96120 Liability Insurance	\$1,266	\$0	\$1,266		\$1,266
96130 Workmen's Compensation	\$10,351	\$0	\$10,351		\$10,351
96140 All Other Insurance	\$15,679	\$0	\$15,679		\$15,679
96100 Total insurance Premiums	\$73,842	\$0	\$73,842	\$0	\$73,842
96200 Other General Expenses	\$0	\$861	\$861		\$861
96210 Compensated Absences	\$0	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$14,364	\$0	\$14,364		\$14,364
96400 Bad debt - Tenant Rents	\$13,364	\$0	\$13,364		\$13,364
96500 Bad debt - Mortgages	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$27,728	\$861	\$28,589	\$0	\$28,589
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,060,826	\$76,152	\$1,136,978	\$0	\$1,136,978
97000 Excess of Operating Revenue over Operating Expenses	\$22,208	\$879,484	\$901,692	\$0	\$901,692
97100 Extraordinary Maintenance	\$12,931	\$0	\$12,931		\$12,931

97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$863,506	\$863,506		\$863,506
97350 HAP Portability-In	\$0	\$0	\$0		\$0
97400 Depreciation Expense	\$230,027	\$0	\$230,027		\$230,027
97500 Fraud Losses	\$0	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0	\$0	\$0		\$0
90000 Total Expenses	\$1,303,784	\$939,658	\$2,243,442	\$0	\$2,243,442
10010 Operating Transfer In	\$170,000	\$0	\$170,000	-\$170,000	\$0
10020 Operating transfer Out	-\$170,000	\$0	-\$170,000	\$170,000	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0		\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0		\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$220,750	\$15,978	-\$204,772	\$0	-\$204,772
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,415,314	\$22,003	\$1,437,317		\$1,437,317
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					

11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$0	\$28,703	\$28,703	\$28,703
11180 Housing Assistance Payments Equity		\$9,278	\$9,278	\$9,278
11190 Unit Months Available	1944	2048	3992	3992
11210 Number of Unit Months Leased	1920	2026	3946	3946
11270 Excess Cash	\$89,788		\$89,788	\$89,788
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$0		\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

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

NOTE A - Financial Data Schedule:

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

DELAWARE COUNTY HOUSING AUTHORITY
MUNCIE, INDIANA

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2018

Annual Contributions Contract IN004

501-16

1. The Capital Fund Grant Costs are as follows:

Funds Approved	\$	180,991
Funds Expended		<u>180,991</u>
Excess / (Deficiency) of Funds Approved	\$	<u><u>0</u></u>
Funds Advanced	\$	180,991
Funds Expended		<u>180,991</u>
Excess / (Deficiency) of Funds Advanced	\$	<u><u>0</u></u>

2. Costs additions totaling \$ 100,000 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.

3. The total amount of the Capital Fund Grant Costs at December 31, 2018 as shown above are in agreement with the Actual Capital Fund Cost Certificate submitted to HUD and approved by HUD.

4. All capital fund grant work in connection with the Project has been completed.

5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.

6. There were no budget overruns.

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AWARD	EXPENDITURES
	U. S. DEPARTMENT OF HUD			
C-2016	Public & Indian Housing	14.850	\$ 454,172	\$ 454,172
	Housing Choice Cluster			
C-2064	Section 8 Housing Choice Vouchers	14.871	954,306	954,306
C-2016	Pubic Housing Capital Fund	14.872	<u>362,026</u>	<u>173,035</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,770,504</u>	<u>\$ 1,581,513</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Delaware County Housing Authority under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Delaware County Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flow of Delaware County Housing Authority.

Note 2 Summary of Significant Accounting Policies

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Delaware County Housing Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Delaware County Housing Authority's basic financial statements and have issued my report thereon dated April 4, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Delaware County Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Delaware County Housing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Delaware County Housing Authority in a separate letter dated April 4, 2019.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 4, 2019

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, Indiana 47120

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delaware County Housing Authority
2401 Haddix Avenue
Muncie, IN 47302

Report on Compliance for Each Major Federal Program

I have audited the Delaware County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Delaware County Housing Authority's major federal programs for the year ended December 31, 2018. The Delaware County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, the Delaware County Housing Authority, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 4, 2019

DELAWARE COUNTY HOUSING AUTHORITY
Muncie, Indiana

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no
~ Significant deficiency(s) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Income Public Housing
14.871	Housing Voucher Cluster Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? X yes no

DELAWARE COUNY HOUSING AUTHORITY
Muncie, Indiana

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.