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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765


Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 9, 2020

Board of Directors
Housing Authority of the City of Bedford
1305 K St.
Bedford, IN 47421

We have received the audit report of the Housing Authority of the City of Bedford, which was opined upon by Barrale Renshaw Sailor Khan, LLC, Independent Public Accountants, for the period April 1, 2017 to March 31, 2018. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Bedford, as of March 31, 2018 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, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF BEDFORD
BEDFORD, INDIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

HOUSING AUTHORITY OF THE CITY OF BEDFORD
Bedford, Indiana

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MARCH 31, 2018

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SECTION I
AUDITOR'S REPORT
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Bedford
Bedford, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of the City of Bedford, Indiana, (Authority), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bedford'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 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

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 *Government 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 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 Housing Authority of the City of Bedford'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 Housing Authority of the City of Bedford'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.

Opinions

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

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through ix be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic 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

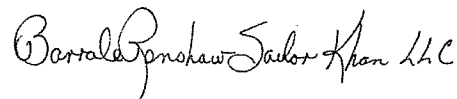
Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Bedford's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the remaining accompanying supplementary information including the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 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 above described supplementary information is 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 November 26, 2018 on our consideration of the Housing Authority of the City of Bedford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report 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 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 Bedford's internal control over financial reporting and compliance.



Barrale Renshaw Sailor Khan, LLC
St. Louis, Missouri
November 26, 2018

Housing Authority of the City of Bedford

Management's Discussion and Analysis (MD&A) March 31, 2018 (Unaudited)

This section of the Housing Authority of the City of Bedford, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of March 31, 2018 was \$913,874. The net position decreased by \$70,891, a decrease of 7.2% from the prior year.
- Revenues and contributions for the Authority were \$1,663,689 for the year ended March 31, 2018. This was an increase of \$15,657 or 1.0% over the prior year.
- Expenses for the Authority were \$1,734,580 for the year ended March 31, 2018. This was an increase of \$8,748 or 0.5% over the prior year.
- Rental revenue for the Authority was \$476,878 for the year ended March 31, 2018, a decrease of \$14,364 or 2.9% from the prior year.
- HUD operating grants for the Authority was \$1,155,708 for the year ended March 31, 2018, an increase of \$15,083 or 1.3% over the prior year.
- Capital contributions were \$0 for the year ended March 31, 2018, a decrease of \$11,361 or 100.0% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Management's Discussion and Analysis (MD&A) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

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

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2018 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$913,874 at the close of the year ended March 31, 2018 down from \$984,765 in fiscal year 2017. The decrease in net position of \$70,891 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, materials inventory and prepaid expenses. Of the \$20,934 decrease in this category, cash and investments increased \$33,615, receivables decreased \$56,249, materials inventory increased \$2,505, and prepaid expenses decreased \$805.

Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

- Capital assets decreased \$89,565 because current year depreciation exceeded capital asset additions. Change in capital assets is explained in section titled "Capital Asset" of this analysis.
- Current liabilities decreased \$36,489 from FY 2017 mainly due to \$25,944 decrease in unearned revenue and a \$6,520 decrease in current portion of long-term debt.
- Noncurrent liabilities decreased \$3,119 from FY 2017 due to a \$3,529 decrease in noncurrent portion of long-term debt.

The unrestricted net position was \$80,558 as of March 31, 2018. This amount may be used to meet the Authority's ongoing obligations. The restricted net position were \$5,614 as of March 31, 2018. This amount is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET POSITION
MARCH 31,**

	2018	2017	Dollar Change	Percent Change
Current assets	\$ 205,547	\$ 226,481	\$ (20,934)	-9.2%
Capital assets	827,702	917,267	(89,565)	-9.8%
Total Assets	1,033,249	1,143,748	(110,499)	-9.7%
Current liabilities	86,500	122,989	(36,489)	-29.7%
Noncurrent liabilities	32,875	35,994	(3,119)	-8.7%
Total Liabilities	119,375	158,983	(39,608)	-24.9%
Net Position				
Net investment in capital assets	827,702	917,267	(89,565)	-9.8%
Restricted	5,614	-	5,614	100.0%
Unrestricted	80,558	67,498	13,060	19.3%
Total Net Position	\$ 913,874	\$ 984,765	\$ (70,891)	-7.2%

The largest portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen in the table on the following page, total revenues and contributions increased \$15,657 due to the reasons noted below.

- Rental revenue decreased \$14,364 or 2.9% from FY 2017 primarily due to a \$14,017 decrease in other tenant charges besides rent.
- HUD operating grant revenue increased \$15,083 or 1.3% due to an increase in public housing operating subsidy of \$37,819 or 14.7% and an increase in capital fund grants used for operating expenditures of \$14,630 or 8.9%. This was partially offset by a decrease in housing choice voucher program assistance of \$37,366 or 5.2%.
- Other income increased \$23,110 from FY 2017 mostly due to an increase in other revenue for the Public Housing program.
- Interest income decreased \$171 from FY 2017.
- The Authority had a loss on disposal of fixed assets of \$3,360 in FY 2017.
- Capital contributions decreased \$11,361 from FY 2017. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.

Total expenses increased \$8,748 due to the reasons noted below.

- Personal services increased \$23,777 or 5.3% from FY 2017 due to an increase in employee benefits of \$17,241 or 15.3% and an increase in employee wage expense of \$6,536 or 2.0%.
- Of the \$16,499 increase in utilities, water increased \$6,925 or 15.6%, electricity increased \$5,323 or 5.1%, and gas increased \$4,251 or 15.3%.
- Operations and maintenance decreased \$7,669 or 5.2% due to a \$15,723 decrease in maintenance materials, which was partially offset by a \$8,054 increase in contracted maintenance services.
- The Authority had non-routine maintenance for casualty loss expenditures in FY 2018 and FY 2017 of \$60,392 and \$20,231, respectively.
- Insurance decreased \$17,016 or 25.7% from FY 2017 primarily due to a decrease in property and liability insurance of \$17,711 or 29.7%.

Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
MARCH 31,**

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues and Contributions				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 476,878	\$ 491,242	\$ (14,364)	-2.9%
HUD operating grants	1,155,708	1,140,625	15,083	1.3%
Other income	31,065	7,955	23,110	290.5%
Interest income	38	209	(171)	-81.8%
Gain (loss) on sale of fixed assets	-	(3,360)	3,360	100.0%
Capital Contributions	-	11,361	(11,361)	-100.0%
Total Revenues & Contributions	<u>1,663,689</u>	<u>1,648,032</u>	<u>15,657</u>	1.0%
Expenses				
Personal services	470,730	446,953	23,777	5.3%
Utilities	192,323	175,824	16,499	9.4%
Operations and maintenance	140,678	148,347	(7,669)	-5.2%
Non routine maintenance	60,392	20,231	40,161	198.5%
Insurance	49,071	66,087	(17,016)	-25.7%
Payments in lieu of taxes	10,072	12,371	(2,299)	-18.6%
Other supplies and expenses	79,119	81,293	(2,174)	-2.7%
Housing assistance payments	623,588	650,579	(26,991)	-4.1%
Depreciation	108,031	122,890	(14,859)	-12.1%
Interest expense	576	1,257	(681)	-54.2%
Total Expenses	<u>1,734,580</u>	<u>1,725,832</u>	<u>8,748</u>	0.5%
Change in net position	<u>(70,891)</u>	<u>(77,800)</u>	<u>6,909</u>	
Net position, beginning of year	984,765	1,062,565	(77,800)	
Prior period adjustments	-	-	-	
Net position adjusted, beginning of year	<u>984,765</u>	<u>1,062,565</u>	<u>(77,800)</u>	
Ending net position	<u>\$ 913,874</u>	<u>\$ 984,765</u>	<u>\$ (70,891)</u>	

Management’s Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

- Payments in lieu of taxes decreased \$2,299 or 18.6% from FY 2017 due to a decrease in dwelling rental revenue and an increase in utility expenses which impacts the expense calculation.
- Other supplies and expense decreased \$2,174 or 2.7% from FY 2017.
- Housing assistance payments decreased \$26,991 or 4.1% due to a decrease in average housing assistance payment per unit of \$16.24 or 4.5% and a 8.9% decrease in number of vouchers issued and outstanding during FY 2018.
- The Authority had a \$14,859 or 12.1% decrease in Depreciation, which is the write-off of capital assets over their estimated useful life.
- Interest expense decreased \$681 or 54.2% from FY 2017.

The Public Housing occupancy rate for fiscal year March 31, 2018 was 97.3%, down slightly from 97.7% in FY 2017.

The Authority is authorized to assist 168 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for FY 2018 was 81.1%, down from 89.0% in FY 2017.

CAPITAL ASSET

Capital Assets - The Housing Authority of the City of Bedford, Indiana’s net investment in capital assets as of March 31, 2018 amounts to \$827,702. The investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation.

The total decrease in the Authority’s capital assets for the current fiscal year was 9.8% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and capital contributions were \$18,466 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$108,031. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$917,267	\$18,466	\$(108,031)	\$(0)	\$827,702

Management's Discussion and Analysis (MD&A) – Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2019 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Joseph Klumpp, Executive Director, Housing Authority of the City of Bedford, 1305 K Street, Bedford, Indiana 47421.

SECTION II
FINANCIAL STATEMENTS
AND
NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET POSITION

March 31, 2018

ASSETS

Current Assets:

Cash and cash equivalents	\$	155,143
Receivable - net of allowances:		
Accounts		7,154
Inventory - net of allowances		24,479
Prepaid expenses		10,018
Restricted cash and cash equivalents		<u>8,753</u>
Total current assets		<u>205,547</u>

Capital assets:

Land, improvements, and construction in progress		623,417
Other capital assets, net of depreciation		<u>205,282</u>
Total capital assets- net		<u>828,699</u>
Total Assets		<u>1,034,246</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET POSITION (CONTINUED)

March 31, 2018

LIABILITIES

Current Liabilities:

Accounts Payable	26,901
Accrued salaries, wages and benefits	6,409
Accrued compensated absences	4,833
Tenant security deposit liability	36,797
Interest payable	20
Current portion of long term debt	3,551
Unearned revenues	7,989

Total Current Liabilities 86,500

Noncurrent Liabilities:

Accrued compensated absences	<u>32,875</u>
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Total Noncurrent Liabilities 32,875

Total Liabilities 119,375

NET POSITION

Net investment in capital assets	828,699
Restricted for:	
HAP	7,924
Unrestricted	<u>78,248</u>

Total Net Position \$ 914,871

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended March 31, 2018

Operating Revenues:	
Rental revenue	\$ 476,878
Operating subsidies- HUD grants	1,181,801
Other revenues	<u>31,065</u>
Total operating revenues	<u>1,689,744</u>
Operating Expenses:	
Personal services	470,730
Utilities	192,323
Operations and maintenance	140,678
Non routine maintenance	60,392
Insurance	49,071
Payment in lieu of taxes	10,072
Other supplies and expenses	78,540
Housing assistance payments	666,292
Depreciation	<u>108,031</u>
Total operating expenses	<u>1,776,129</u>
Operating income (loss)	<u>(86,385)</u>
Non-operating revenues (expenses):	
Interest and investment earnings	38
Interest expense	<u>(1,358)</u>
Net non-operating revenues (expenses)	<u>(1,320)</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(87,705)
Capital contributions	<u>17,811</u>
Change in net position	(69,894)
Net position at beginning of year	<u>984,765</u>
Net position at end of year	<u><u>\$ 914,871</u></u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2018

Cash flows from operating activities:

Cash received from tenants	\$ 479,123
Cash received from HUD grants- operating	1,227,301
Cash received from other operating activities	43,984
Cash payments for goods and services	(1,189,470)
Cash payments to employees-salaries	(302,741)
Cash payments to employees-compensated absences	(38,900)
Cash payments for employee benefit contributions	(129,931)
Cash (payments) receipts for in lieu of property taxes	(12,371)
	<hr/>
Net cash provided (used) by operating activities	76,995

Cash flows from capital and related financing activities:

Capital contributions	17,811
Proceeds from sale of assets	436,289
Receipts (payments) from deferred credits and escrow deposits	(30,359)
Payments for capital assets	(455,752)
Principal paid on capital debt	(10,049)
Interest paid on capital debt	(1,416)
	<hr/>
Net cash (used) for capital and related financing activities	(43,476)

Cash flows from investing activities:

Interest and dividends	38
Receipts (payments) from tenant security deposits	58
	<hr/>
Net cash provided (used) from investing activities	96

Net increase (decrease) in cash and cash equivalents	33,615
Cash and cash equivalents at beginning of year	130,281
	<hr/>
Cash and cash equivalents at beginning of year- adjusted	130,281
	<hr/>
Cash and cash equivalents at end of year	\$ 163,896

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2018

Cash and cash equivalents	\$	155,143
Restricted cash and cash equivalents		<u>8,753</u>
Total cash and cash equivalents at end of year	\$	<u><u>163,896</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	(86,385)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		108,031
Allowance for doubtful accounts		282
Allowance for inventory		278
Changes in assets and liabilities:		
Receivables		55,967
Inventory		(2,783)
Prepaid expenses		805
Accounts and other payables		851
Unearned revenues		791
Compensated absences		<u>(842)</u>
Net cash provided (used) by operating activities	\$	<u><u>76,995</u></u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE 1 - Summary of Significant Accounting Policies

The Housing Authority of the City of Bedford (Authority) is a Special Purpose Government entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1a. Financial Reporting Entity

The Housing Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and GASB No. 61, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units' board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. GASB Implementation

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

Governmental Accounting Standards Board (GASB) Statements 68 was implemented effective for fiscal years beginning June 15, 2014 and there after.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

1c. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, net position, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

1d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the “economic resources” measurement focus is used as follows:

- ▶ The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity

Cash

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accounts receivable- miscellaneous and fraud recovery compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

Budgets and Budgetary Accounting

The Authority adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-40	years
Furniture, equipment and machinery - dwelling	5	years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Public and Indian Housing- Low Rent Program and Housing Choice Voucher Program which are HUD programs.

Compensated Absences

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1e. Assets, Liabilities, and Equity (Continued)

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no related debt.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1f. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 2 - Stewardship, Compliance, and Accountability

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2a. Program Accounting Requirements

The Authority complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2c. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the year ended March 31, 2018, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3a. Cash

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of March 31, 2018, the Authority's bank balances of \$163,896, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

3b. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents as of March 31, 2018, are as follows:

<u>Type of Restricted Cash and Cash Equivalents</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Building- CFP funds- Low Rent	\$ 829	\$ ----	\$ 829
Unspent HAP	<u>7,924</u>	<u>----</u>	<u>7,924</u>
	<u>\$ 8,753</u>	<u>\$ 0</u>	<u>\$ 8,753</u>

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3c. Accounts Receivable

Receivables detail at March 31, 2018, is as follows:

Tenant accounts receivable	\$ 2,410	
Allowance for doubtful accounts	<u>(1,012)</u>	
Tenants accounts receivable - net		\$ 1,398
Fraud recovery	3,522	
Allowance for doubtful accounts	<u>(1,057)</u>	
Fraud recovery - net		2,465
Accounts receivable - other		<u>3,291</u>
		<u>\$ 7,154</u>

3d Capital Assets

Capital asset activity for the year ended March 31, 2018, was as follows:

	<u>Balance April 1, 2017</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance March 31, 2018</u>
Land	\$ 167,665	\$ ----	\$ ----	\$ 167,665
Building	8,108,523	----	(436,289)	7,672,234
Furniture, equipment and machinery- administration	162,343	----	(1,395)	160,948
Construction in progress	<u>----</u>	<u>455,752</u>	<u>----</u>	<u>455,752</u>
	8,438,531	<u>\$ 455,752</u>	<u>\$ (437,684)</u>	8,456,599
Accumulated depreciation	<u>7,521,264</u>	<u>\$ 108,031</u>	<u>\$ (1,395)</u>	<u>7,627,900</u>
Total	<u>\$ 917,267</u>			<u>\$ 828,699</u>

For assets that are depreciated refer to Note 1e - Capital Assets

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3e. Accounts Payable

Payable detail at March 31, 2018, is as follows:

Accounts payable - vendors	\$ 13,205
Accounts payable - HUD	3,624
Accounts payable - other government - PILOT	<u>10,072</u>
	<u>\$ 26,901</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2018 is \$37,708.

3g. Non-current Liabilities

As of March 31, 2018, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>32,875</u>
Total	\$ <u>32,875</u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2018:

	<u>Balance March 31, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2018</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>32,465</u>	\$ <u>410</u>	\$ <u>----</u>	\$ <u>32,875</u>	\$ <u>4,833</u>
Total	\$ <u>32,465</u>	\$ <u>410</u>	\$ <u>----</u>	\$ <u>32,875</u>	\$ <u>4,833</u>

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3h. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended March 31, 2018:

Type of Debt	<u>Balance March 31, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2018</u>	<u>Amounts Due within One Year</u>
Loan #170017183	\$ <u>3,529</u>	\$ <u>----</u>	\$ <u>3,529</u>	\$ <u>0</u>	\$ <u>3,551</u>
Total	\$ <u>3,529</u>	\$ <u>----</u>	\$ <u>3,529</u>	\$ <u>0</u>	\$ <u>3,551</u>

On June 21, 2013, the Housing Authority of the City of Bedford entered into a loan agreement with the Bedford Federal Savings Bank in the amount of \$45,000.00. The loan is payable in 59 consecutive payments of principal and interest in the amount of \$890.20 beginning on August 1, 2013 and continuing on the same day of each month thereafter. This will be followed by 1 payment of principal and interest in the amount of \$889.97 on July 1, 2018, at a fixed interest rate of 6.875% per annum.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2018, are as follows:

<u>Year Ending March 31,</u>	<u>Loan #170017183</u>	
	<u>Principal</u>	<u>Interest</u>
2019	<u>3,529</u>	<u>47</u>
Total	\$ <u>3,529</u>	\$ <u>47</u>

3i. Interprogram Transactions

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 4 - Special Item

In 2009, the Housing Authority of the City of Bedford began repaying Housing Assistance Payments (HAP) that the Authority had utilized to cover the agency's administrative expenses dating back to 2007 as determined by the Quality Assurance Division of HUD's Office of Housing Choice Vouchers Program (HCV). In January, 2013 the Authority was informed that the protocol for HCV repayments was being converted to a new formation and payment methodology. The Authority has been mandated to return the amount of \$43,029.00 to the Authority Program Reserve Account and the Authority has agreed to make a single installment payment by June 30, 2013. The Authority has secured a loan to cover this payment.

NOTE 5 - Other Notes

5a. Employee Retirement Plan

The Housing Authority of the City of Bedford provides pension benefits to all its eligible full time employees through a defined contribution plan administered by the Housing Authority of the City of Bedford. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The Plan was established, is authorized and may be amended by the Authority's Board of Commissioners. All classes of employees may begin participation under the plan once they have satisfied the eligibility requirements except for, any employee who is a member of any of the following classes: an employee of any member of the controlled and/or affiliated service group, employer whose employees does not affirmatively adopt this plan. The plan requires the Housing Authority of the City of Bedford to contribute 4 percent of covered payroll and the employees can voluntary contribute up to 10 percent of covered payroll. The Housing Authority's contribution for each employee is fully vested after five years of continuous Authority contributions forfeited by employees are used to pay administrative costs of the plan. The Authority accounts for pension costs as incurred.

For the year ended March 31, 2018, the following amounts related to the defined contribution plan:

Authority total payroll	\$341,369
Payroll for covered employees	\$341,369
Employer (Authority) contributions made	\$ 13,669
Employee contributions made	\$ 11,895

The Authority offers no other post employment benefits.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2018

NOTE 5 - Other Notes (Continued)

5b. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Auto Owners Insurance.
b. Injuries to employees (workers' compensation)	Purchased insurance with Auto Owners Insurance; Claims are administered by Farmer Group.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.
d. Health and life	Purchased health insurance with Anthem Blue Cross; Life insurance is provided by Guardian.

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.

5c. Economic Dependency

The Housing Authority of the City of Bedford receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

5d. Contingencies

Contingencies

The Authority is subject to possible examination 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. No significant violations of finance-related legal or contractual provisions occurred.

The Authority is a defendant in a lawsuits regarding a faulty smoke alarm. The Authority's insurance company appeared on behalf of the Authority at mediation held on August 28, 2018. The mediation resulted in the execution of a settlement agreement as to all issues in this matter. As of the fiscal year ended March 31, 2018, the ultimate outcome of the lawsuit could not be determined, and no provision for any liability that may result, if any, has been made in the financial statements.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended March 31, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2018	Low Rent Program	14.850a	\$ <u>294,442</u>
	<u>Low Income Public Housing Major - Direct Program</u>		
2018	Housing Choice Vouchers	14.871	\$ <u>726,048</u>
	<u>Public and Indian Housing Major - Direct Program</u>		
2018	Capital Fund program	14.872	\$ <u>473,564</u>
	Total		\$ <u>1,494,054</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

**PHA'S STATEMENT AND CERTIFICATION OF
CAPITAL FUND PROGRAM COSTS**

March 31, 2018

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-17</u>
Funds approved	\$ 178,123
Funds expended	<u>178,123</u>
Excess of Funds Approved	<u>\$ -----</u>
Funds advanced	\$ 178,123
Funds expended	<u>178,123</u>
Excess (deficiency) of Funds Advanced	<u>\$ -----</u>

2. The costs as shown on the Actual Cost Certificate dated June 4, 2018 submitted to HUD for approval is in agreement with the PHA's records as of March 31, 2018.
3. All costs have been paid and all related liabilities have been discharged through payments.

EXHIBIT A
FINANCIAL DATA SCHEDULE

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$79,228	\$39,118	\$118,346		\$118,346
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$829	\$7,924	\$8,753		\$8,753
114 Cash - Tenant Security Deposits	\$36,797		\$36,797		\$36,797
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$116,854	\$47,042	\$163,896	\$0	\$163,896
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$2,324	\$967	\$3,291		\$3,291
126 Accounts Receivable - Tenants	\$2,410		\$2,410		\$2,410
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,012		-\$1,012		-\$1,012
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$3,522	\$3,522		\$3,522
128.1 Allowance for Doubtful Accounts - Fraud		-\$1,057	-\$1,057		-\$1,057
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,722	\$3,432	\$7,154	\$0	\$7,154
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$9,216	\$802	\$10,018		\$10,018
143 Inventories	\$27,199		\$27,199		\$27,199

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	-\$2,720		-\$2,720		-\$2,720
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$154,271	\$51,276	\$205,547	\$0	\$205,547
161 Land	\$167,665		\$167,665		\$167,665
162 Buildings	\$7,672,234		\$7,672,234		\$7,672,234
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$130,130	\$30,818	\$160,948		\$160,948
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$7,597,082	-\$30,818	-\$7,627,900		-\$7,627,900
167 Construction in Progress	\$455,752		\$455,752		\$455,752
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$828,699	\$0	\$828,699	\$0	\$828,699
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$828,699	\$0	\$828,699	\$0	\$828,699
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$982,970	\$51,276	\$1,034,246	\$0	\$1,034,246

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$13,114	\$91	\$13,205		\$13,205
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$5,720	\$689	\$6,409		\$6,409
322 Accrued Compensated Absences - Current Portion	\$4,487	\$346	\$4,833		\$4,833
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$20	\$20		\$20
331 Accounts Payable - HUD PHA Programs		\$3,624	\$3,624		\$3,624
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$10,072		\$10,072		\$10,072
341 Tenant Security Deposits	\$36,797		\$36,797		\$36,797
342 Unearned Revenue	\$7,989	\$0	\$7,989		\$7,989
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings		\$3,551	\$3,551		\$3,551
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current		\$0	\$0		\$0
310 Total Current Liabilities	\$78,179	\$8,321	\$86,500	\$0	\$86,500
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$26,681	\$6,194	\$32,875		\$32,875
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$26,681	\$6,194	\$32,875	\$0	\$32,875
300 Total Liabilities	\$104,860	\$14,515	\$119,375	\$0	\$119,375
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$828,699		\$828,699		\$828,699
511.4 Restricted Net Position		\$7,924	\$7,924		\$7,924
512.4 Unrestricted Net Position	\$49,411	\$28,837	\$78,248		\$78,248
513 Total Equity - Net Assets / Position	\$878,110	\$36,761	\$914,871	\$0	\$914,871
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$982,970	\$51,276	\$1,034,246	\$0	\$1,034,246

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$468,205		\$468,205		\$468,205
70400 Tenant Revenue - Other	\$8,914		\$8,914		\$8,914
70500 Total Tenant Revenue	\$477,119	\$0	\$477,119	\$0	\$477,119
70600 HUD PHA Operating Grants	\$455,753	\$726,048	\$1,181,801		\$1,181,801
70610 Capital Grants	\$17,811		\$17,811		\$17,811
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					
71100 Investment Income - Unrestricted	\$24	\$14	\$38		\$38
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$1,514	\$1,514		\$1,514
71500 Other Revenue	\$18,352	\$11,199	\$29,551		\$29,551
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$969,059	\$738,775	\$1,707,834	\$0	\$1,707,834
91100 Administrative Salaries	\$150,184	\$29,701	\$179,885		\$179,885

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	\$4,517	\$393	\$4,910		\$4,910
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$61,292	\$4,058	\$65,350		\$65,350
91600 Office Expenses	\$8,574		\$8,574		\$8,574
91700 Legal Expense	\$746	\$494	\$1,240		\$1,240
91800 Travel	\$622	\$88	\$710		\$710
91810 Allocated Overhead					
91900 Other	\$51,441	\$7,503	\$58,944		\$58,944
91000 Total Operating - Administrative	\$277,376	\$42,237	\$319,613	\$0	\$319,613
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs	\$100		\$100		\$100
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$4,062		\$4,062		\$4,062
92500 Total Tenant Services	\$4,162	\$0	\$4,162	\$0	\$4,162
93100 Water	\$48,087	\$3,187	\$51,274		\$51,274
93200 Electricity	\$100,599	\$8,423	\$109,022		\$109,022
93300 Gas	\$30,604	\$1,423	\$32,027		\$32,027
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$179,290	\$13,033	\$192,323	\$0	\$192,323
94100 Ordinary Maintenance and Operations - Labor	\$119,545	\$3,311	\$122,856		\$122,856
94200 Ordinary Maintenance and Operations - Materials and	\$48,411		\$48,411		\$48,411
94300 Ordinary Maintenance and Operations Contracts	\$92,267		\$92,267		\$92,267
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,913	\$668	\$64,581		\$64,581
94000 Total Maintenance	\$324,136	\$3,979	\$328,115	\$0	\$328,115
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$35,263		\$35,263		\$35,263
96120 Liability Insurance	\$4,215	\$2,756	\$6,971		\$6,971
96130 Workmen's Compensation	\$6,402	\$435	\$6,837		\$6,837
96140 All Other Insurance					
96100 Total insurance Premiums	\$45,880	\$3,191	\$49,071	\$0	\$49,071
96200 Other General Expenses					
96210 Compensated Absences	\$35,063	\$2,995	\$38,058		\$38,058
96300 Payments in Lieu of Taxes	\$10,072		\$10,072		\$10,072
96400 Bad debt - Tenant Rents	\$241		\$241		\$241
96500 Bad debt - Mortgages					

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$45,376	\$2,995	\$48,371	\$0	\$48,371
96710 Interest of Mortgage (or Bonds) Payable	\$782	\$576	\$1,358		\$1,358
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$782	\$576	\$1,358	\$0	\$1,358
96900 Total Operating Expenses	\$877,002	\$66,011	\$943,013	\$0	\$943,013
97000 Excess of Operating Revenue over Operating Expenses	\$92,057	\$672,764	\$764,821	\$0	\$764,821
97100 Extraordinary Maintenance	\$6,754		\$6,754		\$6,754
97200 Casualty Losses - Non-capitalized	\$53,638		\$53,638		\$53,638
97300 Housing Assistance Payments		\$656,249	\$656,249		\$656,249
97350 HAP Portability-In		\$10,043	\$10,043		\$10,043
97400 Depreciation Expense	\$108,031		\$108,031		\$108,031
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,045,425	\$732,303	\$1,777,728	\$0	\$1,777,728
10010 Operating Transfer In			\$0	\$0	\$0
10020 Operating transfer Out			\$0	\$0	\$0

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$76,366	\$6,472	-\$69,894	\$0	-\$69,894
11020 Required Annual Debt Principal Payments	\$0	\$10,049	\$10,049		\$10,049
11030 Beginning Equity	\$954,476	\$30,289	\$984,765		\$984,765
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0		\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$28,837	\$28,837		\$28,837
11180 Housing Assistance Payments Equity		\$7,924	\$7,924		\$7,924

Housing Authority City of Bedford (IN031)
 BEDFORD, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
11190 Unit Months Available	1952	2016	3968		3968
11210 Number of Unit Months Leased	1935	1795	3730		3730
11270 Excess Cash	-\$30,031		-\$30,031		-\$30,031
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$474,218		\$474,218		\$474,218
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

SECTION III
REPORTS ON COMPLIANCE
AND
ON INTERNAL CONTROL

Sailor Khan LLC

**Independent Auditor's 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***

Board of Commissioners
Housing Authority of the City of Bedford
Bedford, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Bedford, Indiana, (Authority), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Bedford's basic financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Bedford'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Bedford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Bedford'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 Authority'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.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 City of Bedford's financial statements are free from material misstatement, 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.



Barrale Renshaw Sailor Khan, LLC
St. Louis, Missouri
November 26, 2018

Sailor Khan LLC

**Independent Auditor’s Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance Required by Uniform Guidance**

Board of Commissioners
Housing Authority of the City of Bedford
Bedford, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Bedford, Indiana’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Housing Authority of the City of Bedford’s major federal programs for the year ended March 31, 2018. The Housing Authority of the City of Bedford’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 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 each of the Housing Authority of the City of Bedford’s major federal programs 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Bedford’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 with each major program. However, our audit does not provide a legal determination of the Housing Authority of the City of Bedford’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Bedford 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 identified above for the year ended March 31, 2018.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Bedford 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 Bedford'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 auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Bedford'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 requirements 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 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 the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of the City of Bedford, Indiana, as of and for the year ended March 31, 2018, and the related notes of the financial statements, which collectively comprise the Housing Authority of the City of Bedford, Indiana's basic financial statements. We issued our report thereon dated November 26, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 our testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Barrale Renshaw Sailor Khan, LLC
St. Louis, Missouri
November 26, 2018

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

March 31, 2018

The prior audit report for the year ended March 31, 2017 contained no significant deficiencies:

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2018

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	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 <i>Uniform Guidance</i> [2 CFR 20.516(a)]?	No

Identification of major programs:

CFDA	
Number(s)	Name of Federal Program
14-871	Section 8 Housing Choice Vouchers
14-872	Public and Indian Housing - Capital Fund Program

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

Auditee qualified as low-risk auditee? Yes

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended March 31, 2018 disclosed no Financial Statement audit findings.

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended March 31, 2018 disclosed no Federal Awards audit findings.

ACTION PLAN

The current audit report for the year ended March 31, 2018 disclosed no audit findings and consequently there is no action plan.

QUESTIONED COSTS

None