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January 24, 2020

HUD Representative
City of Gary Housing Authority
578 Broadway
Gary, IN 46402

We have reviewed the audit report of the City of Gary Housing Authority which was opined upon by Velma Butler & Company, LTD., Certified Public Accountants and Consultants, 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 City of Gary Housing Authority, 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.

We call your attention to the finding in the report on page 48. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Please also see the accompanying Corrective Action Plan immediately following page 54.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

THE HOUSING AUTHORITY OF THE
CITY OF GARY, INDIANA
INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION,
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED
MARCH 31, 2018

THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

U.S. Department of Housing and Urban
Development
Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Gary, Indiana (the Authority), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions 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 of 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 of assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Gary, Indiana, as of March 31, 2018, and the changes in financial position thereof for the year 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 4-10 to 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. However, we did not audit the information and express no opinion on it.

Other Information

Our audit was conducted for the purpose for forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanied financial data schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other information are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information such as financial data schedules and schedule of expenditures of federal awards 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

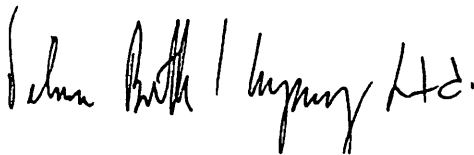
themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the Authority's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2017 financial statements, and we were able to obtain sufficient appropriate audit evidence to provide a basis for our unmodified audit opinion dated December 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the financial statements from which it has been derived.



Velma Butler & Company, Ltd.
Chicago, Illinois

December 11, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY of the CITY
of GARY, INDIANA
578 Broadway
Gary, Indiana 46402**

To the Board of Commissioners of the
The Housing Authority of the City of Gary, Indiana
Gary, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of the Gary, Indiana's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2018.

We are pleased to submit the financial statements of the Housing Authority of the City of Gary, Indiana for the year ended March 31, 2018. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information, which complies with reporting requirements of the U.S. Department of Housing and Urban Development (HUD) and the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- Net Position at March 31, 2018, was \$86.4 million, an increase of \$147 thousand from the March 31, 2017 total of \$86.3 million.
- Assets increased by \$645 thousand, from \$94 million at March 31, 2017 to approximately \$94.6 million at March 31, 2018.
- Capital assets were \$72.5 million at March 31, 2018, an increase of \$549 thousand from the March 31, 2017, balance of \$72 million, primarily because of improvements made through capital grant funds.
- Liabilities increased by \$497 thousand, from \$7.7 million at March 31, 2017 to \$8.2 million at March 31, 2018.
- Revenue decreased by \$6.2 million from \$32.5 million at March 31, 2017 to \$26.3 million at March 31, 2018. The change was primarily due to a decrease in HUD Grants.
- Operating expenses, excluding depreciation, increased by \$858 thousand from \$23.8 million at March 31, 2017 to \$24.7 million at March 31, 2018.

The management's discussion and analysis section includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by of the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

USING THIS REPORT

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as a single enterprise fund whose operations include the low income housing program, the housing choice voucher program, special grants, and component units as follows.

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

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

Low-Income Public Housing-Under the Low Income Public Housing Program, the Authority rents units it owns to moderate and low-income families. The Low Income Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

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

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

Resident Opportunities and Self Sufficiency - (ROSS) Program - The purpose of this program is to provide funding to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.

Components Units - The Component units are not-for-profit organizations formed by the Authority for the purpose of assisting in the development of projects which provide housing to a mixture of moderate, low-income and market rate families. The moderate and low-income family's rents are subsidized by HUD.

Additionally, the Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments and the United States Office of Management and Budget's (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Net position represents the difference between total assets and total liabilities. As shown in Table 1, the Authority's net position at March 31, 2018 increased by .2 percent to \$86.4 million from \$86.3 million.

Table 1
Gary Housing Authority Net Position
(in thousand dollars)

| | <u>2018</u> | <u>2017</u> | <u>Change</u> | <u>Percentage Change</u> |
|-------------------------------------|------------------|------------------|---------------|------------------------------|
| Cash and Investments | \$ 7,910 | \$ 7,055 | \$ 855 | 12.1% |
| Other Current Assets | 1,217 | 2,334 | (1,117) | -47.9% |
| Total Current Assets | <u>9,127</u> | <u>9,389</u> | <u>(262)</u> | -2.8% |
| Non-Current Assets | | | | |
| Capital Assets | 72,540 | 71,991 | 549 | 0.8% |
| Notes Rec. and Accrued Int. | 12,956 | 12,598 | 358 | 2.8% |
| Total Assets | <u>\$ 94,623</u> | <u>\$ 93,978</u> | <u>\$ 645</u> | 0.7% |
| Current Liabilities | | | | |
| Current Liabilities | \$ 1,535 | \$ 1,168 | \$ 367 | 31.4% |
| Unearned Revenue | 4,182 | 3,892 | 290 | 7.5% |
| Notes and Bonds Payable | 1,185 | 1,525 | (340) | -22.3% |
| Other Non Current Liabilities | 1,312 | 1,132 | 180 | 15.9% |
| Total Liabilities | <u>8,214</u> | <u>7,717</u> | <u>497</u> | 6.4% |
| Unrestricted | 11,781 | 11,996 | (215) | -1.8% |
| Restricted Net Assets | 2,088 | 2,274 | (186) | -8.2% |
| Net Investment in Capital Assets | 72,540 | 71,991 | 549 | 0.8% |
| Total Net Position | <u>86,409</u> | <u>86,261</u> | <u>148</u> | 0.2% |
| Total Liab. and Net Position | <u>\$ 94,623</u> | <u>\$ 93,978</u> | <u>\$ 645</u> | 0.7% |

CAPITAL ASSETS

Capital assets increased by \$549 thousand from \$72 million to \$72.5 million, as shown in the table below:

| | <u>March 31, 2017</u> | <u>Additions / Deletions</u> | <u>March 31, 2018</u> |
|-----------------------------|-----------------------|----------------------------------|-----------------------|
| Land and Structures | \$ 66,759,245 | \$ | \$ 66,759,245 |
| Leasehold Improvements | 50,116,933 | 8,530,936 | 58,647,869 |
| Equipment and Furniture | 7,697,019 | | 7,697,019 |
| Construction in Progress | 14,027,090 | (6,515,581) | 7,511,509 |
| Less Accum. Depreciation | (66,609,487) | (1,466,550) | (68,076,037) |
| Total Capital Assets | <u>\$ 71,990,800</u> | <u>\$ 548,805</u> | <u>\$ 72,539,605</u> |

Capital improvement closed during the year totaled \$8,530,936. Capital additions totaled \$2,389,732 and there were no dispositions. Depreciation expense for the year totaled \$1,466,550.

NON-CURRENT ASSETS AND LIABILITIES

The Authority has several notes receivable outstanding as a result of funds loaned to its mixed income developers. These are long-term notes that will mature in 2051 and 2060. Interest payments are accumulated and are not required to be paid until the developments generate positive cash flow per HUD regulations. Notes receivable totaled \$8.8 million after eliminations. Accrued interest receivable and unearned revenue related to interest income totaled \$4.1 million.

The Authority maintains escrow deposits for repairs related to the notes totaling \$1,074 thousand.

Additional information can be found in the Notes to Financial Statements.

BONDS PAYABLE

The Authority has bonds outstanding totaling \$1.8 million which consists of \$1.5 million in principal and \$293 thousand in interest to bond holders. The bonds mature in 2021. Interest is paid semi-annually and principal is paid annually. The bonds are secured by \$1.8 million held in escrow by a bank. The bank makes all payments to bond holders.

Change in Net Position

As shown in Table 2, below, the Authority's total operating revenues, which included all HUD Grants, tenant rents, interest and other income decreased by 19.2 percent to \$26.2 million at March 31, 2018, while operating expenses decreased by 3.6 percent to \$24.7 million at March 31, 2018.

Table 2
Changes in Gary Housing Authority's Net Position
(in thousand dollars)

| | <u>2018</u> | <u>2017</u> | <u>Change</u> | <u>Percentage Change</u> |
|----------------------------|------------------|------------------|----------------|------------------------------|
| Tenant Revenue | \$ 2,716 | \$ 2,613 | \$ 103 | 3.9 % |
| HUD Revenue | 23,391 | 29,118 | (5,727) | -19.7 % |
| Other Income | 163 | 735 | (572) | -77.8 % |
| Total Revenue | <u>26,270</u> | <u>32,466</u> | <u>(6,196)</u> | -19.1 % |
| Operating Expenses | 24,656 | 23,798 | 858 | 3.6 % |
| Depreciation | 1,467 | 1,467 | - | 0.0 % |
| Total Expenses | <u>26,123</u> | <u>25,265</u> | <u>858</u> | 3.4 % |
| Change in Net Position | 147 | 7,201 | (7,054) | -98.0 % |
| Beginning Net Position | 86,261 | 79,060 | 7,201 | 9.1 % |
| Ending Net Position | <u>\$ 86,408</u> | <u>\$ 86,261</u> | <u>\$ 147</u> | 0.2 % |

Total expenses increased by approximately 3.4 percent, changes are shown below in Table 3:

Table 3
Gary Housing Authority's Expenses
(in thousand dollars)

| | <u>2018</u> | <u>2017</u> | <u>Change</u> | <u>Total Percent Change</u> |
|-----------------------------|------------------|------------------|---------------|---------------------------------|
| Administrative Expenses | \$ 5,243 | \$ 4,662 | \$ 581 | 12.5% |
| Tenant Services | 176 | 109 | 67 | 61.5% |
| Utilities Expenses | 2,333 | 2,261 | 72 | 3.2% |
| Ordinary Maintenance | 3,043 | 3,193 | (150) | -4.7% |
| Protective Services | 591 | 733 | (142) | -19.4% |
| General Expenses | 991 | 729 | 262 | 35.9% |
| Housing Assistance Payments | 12,142 | 11,953 | 189 | 1.6% |
| Interest Expenses | 137 | 158 | (21) | -13.3% |
| Depreciation Expense | 1,467 | 1,467 | - | 0.0% |
| Total Expenses | <u>\$ 26,123</u> | <u>\$ 25,265</u> | <u>\$ 858</u> | 3.4% |

Operating expenses increased for HAP and administrative, but was offset by decreases mainly in maintenance and protective services.

BUDGETARY HIGHLIGHTS

The Finance Director prepares and submits proposed operating budgets for revenues and expenses for the all programs, functions, activities, or objectives for the following fiscal year to the governing board. The governing board approves and adopts the budget. Operating monies are determined by rents and operating subsidies provided by HUD, as established by Congress. The funding is dependent on the availability of federal funds.

Capital project budgets are approved and are adopted for five years by the Board of Commissioners and HUD based on Federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five year plan and are monitored by the Authority and HUD.

MAJOR INITIATIVES

The Gary Housing Authority continues to provide comprehensive service in the City of Gary to assure the existence of affordable housing for low to moderate income individuals, families, senior citizens, handicapped, and disabled individuals. Under the leadership of a dedicated Board of Commissioners and the hard work of true professionals in the field of affordable housing, the agency continues to make progress, considering the various challenges for the federally subsidized housing providers. Improvements planned for the upcoming year(s) include the rehabilitation of long-term vacant units; upgrade of occupied units; and the demolition of housing units deemed non-viable. The aforementioned are only some of the many initiatives planned, as we continue to seek avenues and resources to improve the lives our residents.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for its funding of operations; therefore, operating revenues are more affected by the Federal budget than by local economic conditions.

CONTACTING THE HOUSING AUTHORITY

The financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Eustace Kamanja, Finance Director, Housing Authority of the City of Gary, Indiana, 578 Broadway, Gary, Indiana 46402, or call 219-881-6400.

Sincerely,



Julian Marsh
Executive Director

BASIC FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF NET POSITION - ENTERPRISE FUND
MARCH 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)**

EXHIBIT A

| | 2018 TOTAL | 2017 TOTAL |
|---|----------------------|----------------------|
| ASSETS | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and Cash Equivalents | \$ 3,831,960 | \$ 3,281,235 |
| Cash and Cash Equivalents - Restricted | 1,159,663 | 497,705 |
| Investments and Escrows | 2,917,594 | 3,276,444 |
| Accounts Receivable, net | 914,438 | 1,980,181 |
| Prepaid Expenses | 107,278 | 156,615 |
| Material Inventories, net | 196,517 | 196,517 |
| Total Current Assets | <u>9,127,450</u> | <u>9,388,697</u> |
| <u>NON CURRENT ASSETS</u> | | |
| Accrued Interest Receivable | 4,118,805 | 3,761,129 |
| Notes Receivable - Long Term | 8,837,060 | 8,837,060 |
| Capital Assets, net | 72,539,605 | 71,990,800 |
| Total Non-Current Assets | <u>85,495,470</u> | <u>84,588,989</u> |
| TOTAL ASSETS | <u>\$ 94,622,920</u> | <u>\$ 93,977,686</u> |
| LIABILITIES AND NET POSITION | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts Payable | \$ 977,899 | \$ 485,859 |
| Accrued Liabilities | 178,934 | 267,499 |
| Accrued Compensated Absences - Current | 38,308 | 94,178 |
| Bonds Payable - Current | 340,000 | 320,000 |
| Total Current Liabilities | <u>1,535,141</u> | <u>1,167,536</u> |
| <u>NONCURRENT LIABILITIES</u> | | |
| Escrow Deposits | 1,162,673 | 1,081,369 |
| Accrued Compensated Abs. - Non-Current | 61,112 | 50,711 |
| Unearned Revenue | 4,270,654 | 3,891,990 |
| Bonds Payable - Long-Term | 1,185,000 | 1,525,000 |
| Total Noncurrent Liabilities | <u>6,679,439</u> | <u>6,549,070</u> |
| Total Liabilities | <u>8,214,580</u> | <u>7,716,606</u> |
| <u>NET POSITION</u> | | |
| Unrestricted Net Assets | 11,781,075 | 11,996,096 |
| Restricted Net Assets | 2,087,660 | 2,274,184 |
| Net Investment in Capital Assets | 72,539,605 | 71,990,800 |
| Total Net Assets | <u>86,408,340</u> | <u>86,261,080</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 94,622,920</u> | <u>\$ 93,977,686</u> |

See Accompanying Notes to Financial Statements

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2018 (WITH 2017 TOTALS)**

EXHIBIT B

| | 2018 TOTAL | 2017 TOTAL |
|--|----------------------|----------------------|
| OPERATING REVENUES | | |
| Tenant Charges | \$ 2,716,254 | \$ 2,612,771 |
| HUD Operating Grants | 21,358,988 | 22,577,959 |
| Other Income | 141,202 | 733,302 |
| TOTAL REVENUES | 24,216,444 | 25,924,032 |
| OPERATING EXPENSES | | |
| Administrative Expenses | 5,242,275 | 4,662,269 |
| Tenant Services | 176,280 | 109,192 |
| Utilities Expenses | 2,333,283 | 2,261,208 |
| Ordinary Maintenance | 3,042,854 | 3,192,706 |
| Protective Services | 591,369 | 733,291 |
| General Expenses | 991,322 | 728,542 |
| Housing Assistance Payments | 12,142,461 | 11,953,032 |
| Interest Expense | 136,530 | 158,360 |
| Depreciation Expense | 1,466,550 | 1,466,550 |
| TOTAL OPERATING EXPENSES | 26,122,924 | 25,265,150 |
| OPERATING INCOME (LOSS) | (1,906,480) | 658,882 |
| NON-OPERATING REVENUES AND (EXPENSES) | | |
| Interest Income | 21,797 | 2,608 |
| Total Non-Operating Income/(Loss) | 21,797 | 2,608 |
| CAPITAL CONTRIBUTIONS AND (LOSSES) | | |
| HUD Capital Grants | 2,031,943 | 6,539,515 |
| CHANGES IN NET POSITION | 147,260 | 7,201,005 |
| BEGINNING NET POSITION | 86,261,080 | 79,060,075 |
| ENDING NET POSITION | \$ 86,408,340 | \$ 86,261,080 |

See Accompanying Notes to Financial Statements

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2018 (WITH 2017 TOTALS)**

EXHIBIT C

| | 2018 | 2017 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Tenants and Others | \$ 24,216,444 | \$ 25,924,032 |
| Payments to Employees | (3,053,324) | (3,151,663) |
| Payments to Vendors and Suppliers | (20,027,672) | (21,335,881) |
| Net Cash Provided by/(Used for) Operating Activities | 1,135,448 | 1,436,488 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Gain)/Loss on Investments | 358,850 | 420,764 |
| Sale of Investments | 340,000 | 320,000 |
| Interest on Investments | 21,797 | 2,608 |
| Net Cash Provided by/(Used for) Investing Activities | 720,647 | 743,372 |
| CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES | | |
| (Purchase)/Sale of Capital Assets | | |
| Investment in Capital Assets | (3,815,901) | (7,169,614) |
| Capital Grants | 3,512,489 | 6,539,515 |
| Disposal of Asset | | |
| Increase/(Decrease) in Bonds Payable | (340,000) | (320,000) |
| Net Cash Provided by/(Used for) Financing Activities | (643,412) | (950,099) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,212,683 | 1,229,761 |
| CASH AND CASH EQUIVALENTS AT APRIL 1, 2017 | 3,778,940 | 2,549,179 |
| CASH AND CASH EQUIVALENTS AT MARCH 31, 2018 | \$ 4,991,623 | \$ 3,778,940 |
| Unrestricted Cash and Cash Equivalents at March 31, 2018 | \$ 3,831,960 | \$ 2,902,710 |
| Restricted Cash and Cash Equivalents at March 31, 2018 | 1,159,663 | 511,728 |
| CASH AND CASH EQUIVALENTS AT MARCH 31, 2018 | \$ 4,991,623 | \$ 3,414,438 |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities | | |
| Operating Income | \$ (1,906,480) | \$ 660,293 |
| Adjustments To Reconcile: | | |
| Depreciation | 1,466,550 | 1,466,550 |
| Prior Period Adjustment | | |
| Changes in Assets and Liabilities | | |
| (Increase)/Decrease in Accounts Receivable | 1,065,743 | (827,281) |
| (Increase)/Decrease in Prepaid Expenses | 49,337 | (51,786) |
| (Increase)/Decrease in Material Inventories | - | (3,459) |
| (Increase)/Decrease in Accrued Interest Receivables | (357,676) | (343,846) |
| Increase/(Decrease) in Accounts Payable | 492,040 | 96,537 |
| Increase/(Decrease) in Accrued Liabilities | (134,034) | (63,471) |
| Increase/(Decrease) in Escrow Deposits | 81,304 | 159,105 |
| Increase/(Decrease) in Unearned Revenue | 378,664 | 343,846 |
| Net Cash Provided by/(Used for) Operating Activities | \$ 1,135,448 | \$ 1,436,488 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES | | |
| None | | |

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Note 1 - Organization and Program Description

The Housing Authority of the City of Gary, Indiana (the Authority) is a municipal corporation created and organized under the Housing Authority Act of the State of Indiana to engage in the acquisition, development, leasing and administration of a low-income housing program and other federally assisted programs.

The governing body of the Authority is its Board of Commissioners (Board) composed of seven members appointed by the Mayor of the City of Gary (City). The Board appoints an Executive Director to administer the affairs of the Authority. The Authority is not considered a component unit of the City.

In August 2013, HUD took over the day to day operations of the Housing Authority. The Board of Commissioners was dissolved and a one member HUD employee was designated as the Board of Commissioner. Since then, a new Board of Commissioners was selected in anticipation of HUD transferring operations back to the City.

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

The Gary Housing Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low and moderate income persons. The majority of its funding is provided by the Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into public housing and grant programs as follows:

Low Income Housing - The low income housing program provides subsidized housing to low income residents. The Authority is the owner of public housing units located throughout the City. The Authority receives revenue from dwelling rental income and operating subsidies provided by HUD. Capital Grants and Development (Hope VI) Funds are also provided by HUD and are used to improve the construction, physical condition, management and operation of existing public housing developments. The low income housing program is reported as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Capital Fund Grants - Substantially all additions to land, buildings, and equipment are funded through Capital Grant Fund Program or Hope VI - Development Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.

Section 8 Programs - The Authority participates in the housing choice voucher, and moderate rehabilitation programs. These programs are designed to provide privately owned, decent, safe and sanitary housing to low income families. The Authority provides assistance to low income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the programs, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The Housing Choice Voucher and the moderate rehabilitation programs are also reported as enterprise funds.

Resident Opportunities and Self Sufficiency - (ROSS) Program - The purpose of this program is to provide funding to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.

A. Reporting Entity

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

These principles define the reporting entity of the primary government, as well as its component units. Component units are separate legal organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Based upon the application of these criteria, the reporting entity includes the Gary Housing Authority LLC, Gary Housing Development Corporation, and Small Farms Development Corporation (Small Farms), as component units.

The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the Authority has over the organization.

In accordance with GASB 14 as amended by GASB 61, major component unit reporting requirements should be satisfied by including combining statements of major component units in the reporting entity's basic financial statements after the fund financial statements. The following component units are presented in the basic financial statements.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Component Units

The Authority included all component units as blended component units of the Authority. Blended component units are separate legal entities that meet the component unit criteria: The Authority and its components have (1) a financial burden and benefit relationship; (2) the Authority has operational responsibilities for activities of the component unit; (3) the component unit provides services entirely for the benefit of the Authority. Additionally, the governing body of the component unit is the same or substantially the same as the Authority's Board.

Gary Housing Authority, LLC (GHA LLC)

GHA LLC was established on September 4, 2003, as a for profit limited liability company. GHA LLC was formed to acquire and/or manage real property. The LLC was formed by the Authority, it's sole member, for the purpose of assisting in the development of a 131 unit multifamily housing project leased to Duneland Village Apartments, L.P., under Section 542(c) of the Housing and Community Development Act of 1992, defined under the provisions of section 221(d)(4) of The National Housing Act. Such projects are regulated as to rent and operating methods. Construction was substantially completed in March 2004. The management building was completed in August 2005. Apartments are rented to a mixture of moderate, low-income and market-rate tenants. Complete financial statements of the organization may be obtained from the Finance Director of the Gary Housing Authority, at their office at 578 Broadway, Gary Indiana, 46402.

Gary Housing Development Corporation (GHDC)

GHDC was established on July 9, 2003, as a nonprofit company to acquire and/or manage real property. GHDC was formed by the GHA, its sole participant, for the purpose of assisting in the development of a 123 unit multifamily housing project leased to Horace Mann Associates, L.P., under section 542(c) of the Housing and Development Act of 1992, defined under the provisions of section 221(d)(4) of the National Housing Act. Such projects are regulated as to rent and operating methods. Construction was substantially completed in March 2006. Apartments are rented to a mixture of moderate, low income and market rate tenants. *Complete financial statements of the organization may be obtained from the Finance Director of the Gary Housing Authority, at their office at 578 Broadway, Gary Indiana, 46402.

Small Farms Development Corporation (Small Farms)

Small Farms was formed in March 1979 to engage in the development of housing projects within the meaning of Section 3(6) of the United States Housing Act of 1937. Small Farms provided interim construction financing and permanent mortgage financing for the construction of 13 two-story buildings consisting of 200 units for low income families, and a community building on 20 acres of land in Gary, Indiana. Small Farms provided financing to fund the project by issuing Mortgage Revenue Bonds in April 1979. Apartments are rented to a mixture of moderate, low income and market rate tenants. Government backed securities were purchased as security for the loans. The bonds are managed by an independent administrator.

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Complete financial statements of the organization may be obtained from the Finance Director of the Gary Housing Authority, at their office at 578 Broadway, Gary Indiana, 46402.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounts segregate funds according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time they are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

C. Fund Accounting

Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Authority maintains the following fund types and account groups:

- Public Housing Units consist of HUD financed units, owned by the Authority. Funds include low-income housing programs, capital grant program and Hope VI - development program.
- Section 8 programs consist of HUD provided rental housing assistance programs, where the rents are paid directly to landlords. Funds include the housing choice voucher and moderate and substantial rehabilitation programs.
- ROSS program consist of funds to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

Proprietary Funds - The Authority's operations are accounted for in a single *Enterprise Fund*. Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income are necessary for management accountability.

Management's 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

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

Restricted Cash - Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent housing program and housing choice voucher program for various funds restricted for tenants or future housing assistance payments.

Net Position - The Authority has adopted GASB Statement No. 33. In accordance with GASB Statement No. 33, capital contributions are recognized as revenue when expenditures are made and amounts become subject to claim for reimbursement. Depreciation recorded on property, plant and equipment acquired with funds recorded as contribution in years prior to 2000 is calculated on a straight-line basis over the estimated useful life of the related assets, charged to operations, and reclassified to the related contributed capital account. The net book values of assets disposed of are written off against contributed capital if no proceeds from the disposal are received. Depreciation recorded on the property, plant and equipment is charged to operations. Restricted resources are used first when applicable definitions are met.

Net Position includes the following:

- Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds that are directly attributable to the acquisition, construction or improvement of these capital assets.
- Restricted for federal programs - the component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal or state program.
- Unrestricted - the difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or net position restricted for federal and state programs.

Inter-program Due to/from - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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Federal Awards - Federal grants for reimbursable programs are recognized as revenue in the year the related program expenditure occurs. Awards received prior to meeting revenue recognition criterion are recorded as unearned revenue. Operating grants are recorded as revenue in the year earned.

Investments - The Authority has estimated the fair values of its financial investments using available market information and other valuation methodologies in accordance with GASB Statement No. 31. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. The Authority is also in compliance with all state and local laws and regulations regarding investments.

Inventories - Inventories are stated at the lower of cost or market.

Prepaid Expenditures - Payments made to vendors for services that will benefit periods beyond March 31, 2018, are recorded as prepaid items.

Compensated Absences - The Authority allows full-time regular employees to accumulate unused vacation.

- Vacation is accrued based on length of employment, ranging from 13 days per year after 12 months of continuous service to 25 days after 20 years of continuous service. Unused vacation is paid upon termination.

Capital Assets - The Authority capitalizes capital assets with a cost of more than \$5,000 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Capital assets are stated at cost or at estimated historical cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Capital assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

| | |
|--------------------------------|---------------|
| Building | 40 years |
| Building Modernization | 10-27.5 years |
| Infrastructure | 40 years |
| Office Furniture and Equipment | 5-7 years |
| Automobiles | 5 years |
| Computers | 3 years |

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

principal operating revenues of the Authority are charges to customers for rents and operating subsidies. Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while portions of capital grant funds not approved for operations are recorded in the non-operating revenue. 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.

Risk Management

The Authority may be exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the Authority has insurance coverage, which management believes is sufficient to preclude any significant losses to the Authority. Thus there is not an established Risk Management Fund greater than its insured risks of loss. Any additional coverage will be paid from general fund resources. Current insurance coverage includes: worker's compensation, general liability, property damage, flood and auto.

Financial Information for 2017

The financial statements include certain prior-year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2017, from which the summarized information was derived.

Note 2 - Budget Information

Enterprise Funds - The Authority is required by contractual agreements to adopt annual operating budgets for all its enterprise funds receiving federal expenditure awards. The Finance Director prepares all budgets on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

All annual appropriations lapse at fiscal year-end. Operating budgets for the year are prepared for capital projects activity, which are included in the low income housing enterprise fund. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD.

Appropriations for capital projects are authorized for five years at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$4,991,623, at March 31, 2018, and are maintained in commercial checking accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities.

Cash amounts in excess of the \$250,000, FDIC limit, insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. Indiana Public Deposit Insurance Fund also provides additional coverage in excess of the FDIC limit to the Authority's depository financial institution. The Authority is also in compliance with all state and local laws and regulations regarding cash equivalents. Of the total cash on hand at March 31, 2018, \$3,831,960 was unrestricted and \$1,159,663 was restricted, as shown below:

| | | |
|----------------------------|----|-------------------------|
| Total Unrestricted Cash | \$ | 3,831,960 |
| Tenant Security Deposits | | 240,205 |
| Housing Assistance Payment | | 663,296 |
| FSS and Homeowner Escrow | | 74,963 |
| Mod Rehab | | 181,199 |
| Total Restricted Cash | | <u>1,159,663</u> |
| Total Cash | \$ | <u><u>4,991,623</u></u> |

Note 4 - Investments and Escrows

At March 31, 2018, investments totaled \$2,917,594 which consisted of money market accounts and government securities. The fair values and unrealized gain/loss at March 31, 2018, are summarized as follows:

| Description | Category 1 | | Unrealized Gain/(Loss) |
|--------------------------|---------------------|---------------------|---------------------------|
| | Book Value | Market Value | |
| Money Market | \$ 88,112 | \$ 88,112 | \$ - |
| Government Securities | 2,829,482 | 2,829,482 | - |
| Total Investments | <u>\$ 2,917,594</u> | <u>\$ 2,917,594</u> | <u>\$ -</u> |

Category 1 - Certificates of deposit investments are insured by the Federal Depositor Insurance Corporation and are further fully collateralized by government security and held in the pledging financial institution's trust department in the Authority's name.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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Money market and government security accounts are amounts held in escrows invested by the trustee in federal securities and U.S. Treasury Obligations money market funds. The Authority is currently not exposed to custodial credit risk or concentration risk, as defined in GASB 40.

Restricted investments totaled \$2,829,482, as follows:

| Description | Money Market | Government Securities | Total |
|--------------------------|------------------|--------------------------|---------------------|
| Small Farms - Bonds | \$ | \$ 1,755,922 | \$ 1,755,922 |
| GHA LLC - Reserve | | 1,073,560 | 1,073,560 |
| Unrestricted Investments | 88,112 | | 88,112 |
| Total | \$ 88,112 | \$ 2,829,482 | \$ 2,917,594 |

Investments were restricted for the following uses:

The Small Farms Development Corporation (Small Farms) - (a nonprofit corporation created as an agency and instrumentality of the Authority) investments are restricted for future bond payments. Small Farms issued mortgage revenue bonds (FHA Insured Mortgage - Section 8 Assisted Projects) totaling \$5,465,000 on April 1, 1979.

On October 15, 1991, Small Farms entered into an agreement with a bank to act as escrow deposit trustee. Investments totaling \$4,182,627 were deposited with the trustee. Escrows were required to be invested in Federal securities. Bond holder payments are to be made June 1 and December 1 until maturity of December 1, 2021. Bonds outstanding at March 31, 2018 were \$1,525,000. (See Note 15)

Escrow reserve accounts were established in association with the Duneland loan, for future repairs. Total funds available at March 31, 2018, totaled \$1,073,560. (See Note 12)

Note 5 - Accounts Receivable

At March 31, 2018, accounts receivable totaled \$914,438 and consisted of the following:

| Description | Amount |
|----------------------------------|-------------------|
| Tenant Accts. Receivable, net | \$ 65,677 |
| Accounts Receivable - HUD | 724,805 |
| Accounts Receivable - Other | 123,956 |
| Total Accounts Receivable | \$ 914,438 |

The Authority reviews the accounts receivable periodically. During the year \$263,710 was charged to bad debts.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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Note 6 - Prepaid Expenses

Prepaid expenses totaled \$107,278, at March 31, 2018, and consisted of prepaid insurance and vendor services.

Note 7 - Material Inventories - Net

Material inventories totaled \$196,517, at March 31, 2018. Material inventories are stated at the lower of cost or market. Material inventories were not reviewed for obsolescence or adjusted during the 2018 fiscal year.

Note 8 -Notes and Accrued Interest Receivable

Notes receivable at March 31, 2018, totaled \$12,955,865 and represented amounts due from various component units. Total notes receivable along with accrued interest are shown below:

| Description | Notes | Interest | Total |
|--|---------------------|---------------------|----------------------|
| Duneland Village Associates, L.P. | \$ 3,116,000 | \$ 3,436,370 | \$ 6,552,370 |
| Horace Mann Associates, L.P. | 5,221,060 | 246,400 | 5,467,460 |
| Gary Housing Development Corp. | 500,000 | 436,035 | 936,035 |
| Total Notes and Interest Receivable | \$ 8,837,060 | \$ 4,118,805 | \$ 12,955,865 |

The Authority established the various entities to fulfill its goal of affordable housing. The component units loaned funds to developers to build these units. Notes receivable primarily consist of amounts due from developers of mixed income properties. The repayment of these notes is based on net cash flow. As of March 31, 2018, no payments had been made.

The Housing Authority of the City of Gary, Indiana (GHA) Duneland Village Associates, L.P.

The Authority provided a 57 year construction loan of \$3,116,000, to Duneland Village Associate LLC. The loan is secured by a second priority leasehold mortgage and security agreement. The note bears interest at a rate of 5.08% compounded annually until all amounts are paid in full.

These funds originated from the HOPE VI grant. During the life of the note, principal and interest are payable only from Net Available Cash Flow, Net Proceeds, or Condemnation Proceeds, as defined in the loan agreement. Net Available Cash Flow is defined as Surplus Cash, defined by the Project Regulatory Agreement, generated after the Project initially achieves 90% occupancy, less any other reasonable and necessary Project expenses for the borrower. Net Proceeds are defined as all proceeds received from the sale or refinancing of the Project, less (i) repayment of the first Mortgage Loan, (ii) costs of sale or refinancing, and (iii) any re-syndication or refinancing proceeds reinvested in the Project are unavailable for distributions. Duneland pays 55% of the first \$140,000 of Net Available Cash Flow, adjusted for inflation each year, and 75% of the Net Available Cash Flow of the Project in excess of \$140,000. The loan

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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matures on September 1, 2060. The amount outstanding at March 31, 2018 is \$3,116,000 plus accrued interest of \$3,436,370.

The Housing Authority of the City of Gary, Indiana (the Authority) - Horace Mann Associates, L.P.

The Authority provided a 45.5 year construction loan of \$5,221,060, to Horace Mann Associates, L. P. The loan matures on December 31, 2051. Maximum interest was \$246,400.

The loan is secured by a third priority leasehold mortgage and security agreement. Principal and interest are payable only from Net Available Cash Flow, Net Proceeds, or Condemnation Proceeds, as defined in the loan agreement. Net Available Cash Flow is defined as Surplus Cash, defined by the Project Regulatory Agreement, generated after the Project initially achieves 90% occupancy, less any other reasonable and necessary Project expenses for the Borrower. Net Proceeds are defined as all proceeds received from the sale or refinancing of the Project, less (i) repayment of the First Mortgage Loan and the Second Mortgage Loan, (ii) costs of sale or refinancing, (iii) any re-syndication of refinancing proceeds reinvested in the Project are unavailable for distribution, and (iv) repayment of any Project related advances.

Thirty-six percent of Net Available Cash Flow is paid annually as long as the Second Mortgage is outstanding. The Partnership will pay the Authority 57% of Net Available Cash Flow of the Project. The loan matures on December 31, 2051. Principal outstanding at March 31, 2018 was \$5,221,060. Accrued interest was \$246,400.

Gary Housing Development Corporation (GHDC) - Horace Mann Associates, L.P.

GHDC (a wholly owned not for profit organization) provided a 39.5 year construction loan of \$500,000 to Horace Mann Associates, L. P. The loan matures on December 31, 2046. The interest rate of the loan is 4.57% annually.

Principal and interest are payable only from Net Available Cash Flow, Net Proceeds, or Condemnation Proceeds. Until maturity, 21% of Net Available Cash Flow is paid annually. Net Available Cash Flow is defined as Surplus Cash, defined by the Project Regulatory Agreement, generated after the Project initially achieves 90% occupancy, less any other reasonable and necessary Project expense for the Borrower. Net Proceeds are defined as all proceeds received from the sale or refinancing of the project, less (i) repayment of the First Mortgage Loan, (ii) costs of sale or refinancing, (iii) any re-syndication of refinancing proceeds reinvested in the Project are unavailable for distribution, and (iv) repayment of any Project related advances. The amount outstanding at March 31, 2018 is \$500,000. Accrued interest totaled \$436,035.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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HUD IG Audit

Based on an audit performed by the office of the HUD Inspector General, the Authority has entered into an agreement to repay disallowed costs back to the Section 8 Program. According to the agreement, the Low Income program must make annual reimbursement payments through December 31, 2053. At March 31, 2018 the Section 8 receivable was \$1,024,304.

This loan is eliminated on balance sheet because they are inter-funds. Monies are owed from the low income program to the section 8 program, and thus low income fund has a payable of \$1,024,304 and the section 8 fund has an equal receivable, at March 31, 2018. (See Note 14)

Note 9 - Land, Structures and Equipment

The changes in land, structures and equipment for the year ended March 31, 2018, were as follows:

| | <u>March 31, 2017</u> | <u>Additions / Deletions</u> | <u>March 31, 2018</u> |
|-----------------------------|-----------------------|----------------------------------|-----------------------|
| Land and Structures | \$ 66,759,245 | \$ | \$ 66,759,245 |
| Leasehold Improvements | 50,116,933 | 8,530,936 | 58,647,869 |
| Equipment and Furniture | 7,697,019 | | 7,697,019 |
| Construction in Progress | 14,027,090 | (6,515,581) | 7,511,509 |
| Less Accum. Depreciation | (66,609,487) | (1,466,550) | (68,076,037) |
| Total Capital Assets | \$ 71,990,800 | \$ 548,805 | \$ 72,539,605 |

Changes in land, structures and equipment during the audit period consisted of increases in construction in progress, equipment purchased, property sold, and depreciation expense. Construction costs recorded as capital expenditures during the period totaled \$2,389,732. Construction completed and transferred to leasehold improvements were \$8,530,936. There were no dispositions. Depreciation is recorded over the useful lives of the assets using the straight-line method of depreciation. Depreciation expenses for 2018 totaled \$1,466,550.

Note 10 - Accounts Payable

Accounts payable totaled \$977,899, at March 31, 2018, which consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|--------------------------------|-------------------|
| Accounts Payable - Vendors | \$ 635,936 |
| Tenant Security Deposits | 138,952 |
| Accounts Payable - HUD | 69,617 |
| Salary Wages and Taxes Payable | 127,390 |
| Accounts Payable - Other | 6,004 |
| Total Accounts Payable | \$ 977,899 |

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
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Note 11 - Accrued Liabilities

Accrued liabilities totaled \$278,354, at March 31, 2018, and represented amounts due for accrued salary and vacation leave as follows:

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|-------------------|
| Other Accrued Liabilities | \$ 178,934 |
| Compensated Abscences | 99,420 |
| Total Accrued Payables | \$ 278,354 |

Accrued compensated absences were \$99,420 as indicated below:

| | |
|---------------------------------------|------------------|
| Accrued Comp. Abs - Current | \$ 38,308 |
| Accrued Comp. Abs - Non-Current | 61,112 |
| Total Accrued Compensated Abs. | \$ 99,420 |

It is the Authority's policy to compensate employees for accumulated vacation leave upon termination. The Authority recognizes leave taken as a current year's salary expense during the year in which the leave is taken. Vacation is accrued for and recognized in the financial statements as an accrued liability.

Note 12-Escrow Deposits

The Gary Housing Authority, LLC. (GHA LLC) a limited liability company, created as an instrumentality of the Authority, entered into an agreement in September 2003, with the developers of Duneland Village, to fund the operating reserve escrow of \$258,000 and the operating reserve of \$250,000, required by the Indiana Housing Finance Authority, as a condition of tax credits. At March 31, 2018, escrow deposits amounts for these reserves totaled \$1,073,560. (See Note 4)

| | |
|------------------------------|---------------------|
| Homeowners | \$ 5,024 |
| FSS | 84,089 |
| GHA LLC | 1,073,560 |
| Total Escrow Deposits | \$ 1,162,673 |

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Note 13 - Unearned Revenue

At March 31, 2018, unearned revenue totaled \$4,270,654, and consisted of accrued interest, tenant prepaid rents, and other unearned revenue, as shown below: (See Note 8)

| | | |
|-----------------------------------|-----------|-------------------------|
| Duneland Note - Due Authority | \$ | 3,436,370 |
| Horance Mann Note - Due Authority | | 246,400 |
| Horance Mann Note - Due GHDC | | 436,035 |
| Total Accrued Interest | | <u>4,118,805</u> |
| Tenant Prepaid Rents | | 63,796 |
| Unearned Revenue | | 88,053 |
| Total Other Deferrals | | <u>151,849</u> |
| Total Unearned Revenue | \$ | <u>4,270,654</u> |

Due to the uncertainty created by the length of time preceding the payment of interest and the provisions of certain notes that interest payments are contingent upon the existence of surplus cash, the collectability of interest earned has been deferred and is uncertain.

Note 14 - Notes Payable - IG

The Authority has entered into an agreement with the Office of the HUD Inspector General to repay costs disallowed because of an audit. At March 31, 2018 the low income fund owed the Section 8 fund \$1,024,304 as follows: See Note 8

| | | |
|---------------------|----|------------------|
| Current Balance | \$ | 57,902 |
| Non-Current Balance | | 966,402 |
| Total | \$ | <u>1,024,304</u> |

The receivable and the related payable have been eliminated.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Note 15 - Bonds Payable

The Small Farms, an agency of the Authority, has bonds outstanding totaling \$1,525,000.

Interest earned and payable is 7.4 percent. The bonds mature in 2021. As discussed in note 4, the Authority has accumulated escrow deposits of \$1,755,922 toward the payment of principal and interest. Current and non-current payments are as shown below: (See Note 4)

| Description | Amount |
|-----------------------------|---------------------|
| Current Portion | \$ 340,000 |
| Long-Term Portion | 1,185,000 |
| Total Bonds Payables | \$ 1,525,000 |

Future payment amounts are as follows:

| Fiscal Year End | Principal Payment | Interest Payment | Total |
|---------------------------|----------------------|---------------------|---------------------|
| 3/31/2019 | \$ 340,000 | \$ 112,850 | \$ 452,850 |
| 3/31/2020 | 365,000 | 87,690 | 452,690 |
| 3/31/2021 | 395,000 | 60,680 | 455,680 |
| 3/31/2022 | 425,000 | 31,450 | 456,450 |
| Total Bond Payable | \$ 1,525,000 | \$ 292,670 | \$ 1,817,670 |

Note 16 - Employee Benefit Plans

The Authority established a defined contribution plan ("Plan") administered by a third-party "Billings and Company, Inc." under the City of Gary's eligibility rules and regulations for the employee benefit plans. The Plan is governed by the Code and the Treasury regulations issued there under (as they might be amended from time to time). To the extent not preempted by the Federal law, the provisions of this Plan is construed, enforced and administered according to the laws of the State of Indiana.

The Plan covers all regular employees who work for at least 180 days. The required contribution is 13.75% of the employee's monthly salary. Participants' benefits are fully vested after five years of participation and are determined solely by the provisions of the Government Agency Retirement Plan and Trust. Besides retirement benefits, the Plan offers life insurance where participants receive 100% of one year's salary up until the age of 65 when the benefit is reduced by 35%.

The normal retirement date is the participants' 65th birthday. Participants may elect to retire anytime after their 55th birthday, at which time they are 100% vested regardless of years of service. The amount a participant receives at early, normal, or postponed retirement is based on the amount accumulated in their account. Although no employee contributions are

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

required, employees may make voluntary contributions not to exceed 10% of their annual salary. The Authority’s total payroll expense was \$3,053,324. The Authority made all required contributions to the Plan.

Plan assets totaled \$2,477,317, at March 31, 2018, as follows:

| Description | Amount |
|------------------------------------|---------------------|
| Beginning Balance @ 04/01/2017 | \$ 2,392,755 |
| Contributions | 287,621 |
| Withdrawals | (356,706) |
| Earnings | 153,647 |
| Ending Balance @ 03/31/2018 | \$ 2,477,317 |

Note 17 - Operating Lease Commitments

The Authority does not have any operating leases for office equipment.

Note 18 - Commitments and Contingencies

The Authority receives financial assistance from federal government agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority.

The Authority has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse effect on the financial position of the Authority. Below are the current status of those potential material cases:

Case #1

A Plaintiff’s filed an E.E.O.C. case on March 30, March 30, 2017. On July 26, 2018, the case was dismissed. The Plaintiff is a former employee of GHA who claims he was terminated wrongfully in retaliation for his exercising statutory rights under the Family Medical Leave Act (FMLA) and Indiana workers’ compensation statutes.

GHA plans to file a Motion for Summary Judgment, following the close of discovery. They expect a reasonable likelihood of success on this Motion; if the Motion is successful, there will be no liability on GHA’s part other than the cost of litigation. If, however, the Motion is unsuccessful, they would aggressively pursue defense of the case unless a reasonable settlement

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

agreement could be reached which is acceptable to GHA. Should this matter proceed to trial, GHA's potential liability could reasonably approach \$300,000 to \$350,000.

Case #2

In a complaint file on July 11, 2016, Plaintiff claims that she was injured when she slipped and fell on ice which had accumulated outside the door of her residence. On March 3, 2015, Plaintiff claims that GHA was negligent in its failure to properly salt the area. Discovery has been completed.

GHA has filed a Motion to Dismiss in this matter as a result of Plaintiff's failure to properly name GHA in the lawsuit. That matter has been set for hearing in January of 2019. If the matter is not dismissed at that time, GHA intends to file a Motion for Summary Judgment. They expect a reasonable likelihood of success on this Motion; if the Motion is successful, there will be no liability on GHA's part other than the cost of litigation. If, however, the Motion is unsuccessful, they would aggressively pursue defense of the case unless a reasonable settlement agreement could be reached which is acceptable to GHA. Should this matter proceed to trial, GHA's potential liability could reasonably exceed \$100,000.

Note 19 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contract from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs.

Note 20 - Allocation of Cost

The Authority uses the direct cost method to recognize the expenses of each project and program. The central office charges the projects and programs a management fee. This fee is recognized as income for the central office and as an expense for the projects and programs. These fees between the projects and central office are eliminated during the reporting process. Fees from the programs are not eliminated and are recognized as revenue to central office and an expense to the program. Management considers this to be an equitable method of allocation.

Note 21 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to March 31, 2018, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended March 31, 2018. Management has performed their analysis through December 11, 2018, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
 STATEMENT OF PROGRAM NET POSITION
 MARCH 31, 2018 (WITH COMPARATIVE TOTALS FROM 2017)

| | Low-Rent Public Housing | Housing Choice Voucher | Other Programs | Blended Component Units | Eliminations | 2018 TOTAL | 2017 TOTAL |
|--|----------------------------|---------------------------|-------------------|----------------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | | | | | |
| <u>CURRENT ASSETS</u> | | | | | | | |
| Cash and Cash Equivalents | \$ 3,713,366 | \$ 118,594 | \$ | \$ | \$ | \$ 3,831,960 | \$ 3,281,235 |
| Cash and Cash Equivalents - Restricted | 240,205 | 919,458 | | | | 1,159,663 | 497,705 |
| Investments and Escrows | 87,257 | 855 | | 2,829,482 | | 2,917,594 | 3,276,444 |
| Accounts Receivable, net | 912,526 | 1,912 | | | | 914,438 | 1,980,181 |
| Notes Receivable - Current | | 57,902 | | | (57,902) | - | - |
| Prepaid Expenses | 104,729 | 2,549 | | | | 107,278 | 156,615 |
| Material Inventories, net | 196,517 | | | | | 196,517 | 196,517 |
| Total Current Assets | 5,254,600 | 1,101,270 | - | 2,829,482 | (57,902) | 9,127,450 | 9,388,697 |
| <u>NON CURRENT ASSETS</u> | | | | | | | |
| Accrued Interest Receivable | 3,682,770 | | | 436,035 | | 4,118,805 | 3,761,129 |
| Notes Receivable - Long Term | 8,337,060 | 966,402 | | 500,000 | (966,402) | 8,837,060 | 8,837,060 |
| Capital Assets, net | 69,468,878 | | | 3,070,727 | | 72,539,605 | 71,990,800 |
| Total Non-Current Assets | 81,488,708 | 966,402 | - | 4,006,762 | (966,402) | 85,495,470 | 84,588,989 |
| TOTAL ASSETS | \$ 86,743,308 | \$ 2,067,672 | \$ - | \$ 6,836,244 | \$ (1,024,304) | \$ 94,622,920 | \$ 93,977,686 |
| LIABILITIES AND NET POSITION | | | | | | | |
| <u>CURRENT LIABILITIES</u> | | | | | | | |
| Accounts Payable | \$ 955,533 | \$ 22,366 | \$ | \$ | \$ | \$ 977,899 | \$ 485,859 |
| Accrued Liabilities | 175,434 | 3,500 | | | | 178,934 | 267,499 |
| Accrued Comp. Abs. - Current | 38,308 | | | | | 38,308 | 94,178 |
| Bonds Payable - Current | 57,902 | | | 340,000 | (57,902) | 340,000 | 320,000 |
| Total Current Liabilities | 1,227,177 | 25,866 | - | 340,000 | (57,902) | 1,535,141 | 1,167,536 |
| <u>NONCURRENT LIABILITIES</u> | | | | | | | |
| Escrow Deposits | 5,024 | 84,089 | | 1,073,560 | | 1,162,673 | 1,081,369 |
| Accrued Comp. Abs. - Non-Current | 61,112 | | | | | 61,112 | 50,711 |
| Unearned Revenue | 3,834,619 | | | 436,035 | | 4,270,654 | 3,891,990 |
| Bonds Payable - Long-Term | 966,402 | | | 1,185,000 | (966,402) | 1,185,000 | 1,525,000 |
| Total Noncurrent Liabilities | 4,867,157 | 84,089 | - | 2,694,595 | (966,402) | 6,679,439 | 6,549,070 |
| Total Liabilities | 6,094,334 | 109,955 | - | 3,034,595 | (1,024,304) | 8,214,580 | 7,716,606 |
| <u>NET POSITION</u> | | | | | | | |
| Unrestricted Net Assets | 11,180,096 | 147,751 | - | 453,228 | - | 11,781,075 | 11,996,096 |
| Restricted Net Assets | | 1,809,966 | | 277,694 | | 2,087,660 | 2,274,184 |
| Net Investment in Capital Assets | 69,468,878 | - | - | 3,070,727 | - | 72,539,605 | 71,990,800 |
| Total Net Assets | 80,648,974 | 1,957,717 | - | 3,801,649 | - | 86,408,340 | 86,261,080 |
| TOTAL LIABILITIES AND NET POSITIO | \$ 86,743,308 | \$ 2,067,672 | \$ - | \$ 6,836,244 | \$ (1,024,304) | \$ 94,622,920 | \$ 93,977,686 |

See Accompanying Notes to the Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2018 (WITH COMPARATIVE TOTALS FROM 2017)

| | Low-Rent Public Housing | Housing Choice Voucher | Other Programs | Blended Component Unit | Eliminations | 2018 TOTAL | 2017 TOTAL |
|---|----------------------------|---------------------------|-------------------|---------------------------|--------------------|----------------------|----------------------|
| OPERATING REVENUES | | | | | | | |
| Tenant Charges | \$ 2,716,254 | | | | | \$ 2,716,254 | \$ 2,612,771 |
| HUD Operating Grants | 8,558,715 | 12,749,360 | 50,913 | | | 21,358,988 | 22,577,959 |
| Other Income | 1,854,001 | 51,794 | | | (1,764,593) | 141,202 | 733,302 |
| TOTAL REVENUES | 13,128,970 | 12,801,154 | 50,913 | - | (1,764,593) | 24,216,444 | 25,924,032 |
| OPERATING EXPENSES | | | | | | | |
| Administrative Expenses | 5,876,382 | 1,079,573 | 50,913 | | (1,764,593) | 5,242,275 | 4,662,269 |
| Tenant Services | 176,280 | | | | | 176,280 | 109,192 |
| Utilities Expenses | 2,328,923 | 4,360 | | | | 2,333,283 | 2,261,208 |
| Ordinary Maintenance | 3,041,870 | 984 | | | | 3,042,854 | 3,192,706 |
| Protective Services | 591,369 | | | | | 591,369 | 733,291 |
| General Expenses | 957,979 | 33,343 | | | | 991,322 | 728,542 |
| Housing Assistance Payments | | 12,142,461 | | | | 12,142,461 | 11,953,032 |
| Interest Expense | | | | 136,530 | | 136,530 | 158,360 |
| Depreciation Expense | 1,446,289 | | | 20,261 | | 1,466,550 | 1,466,550 |
| TOTAL OPERATING EXPENSES | 14,419,092 | 13,260,721 | 50,913 | 156,791 | (1,764,593) | 26,122,924 | 25,265,150 |
| OPERATING INCOME (LOSS) | (1,290,122) | (459,567) | - | (156,791) | - | (1,906,480) | 658,882 |
| NON-OPERATING REVENUES AND (EXPENSES) | | | | | | | |
| Interest Income | | 6 | | 21,791 | | 21,797 | 2,608 |
| Gain/(Loss) on Disposal of Assets | | | | | | - | - |
| Total Non-Operating Income/(Loss) | - | 6 | - | 21,791 | - | 21,797 | 2,608 |
| CAPITAL CONTRIBUTIONS (LOSSES) AND OTHER REVENUE / (EXPENSE) | | | | | | | |
| HUD Capital Grants | 2,031,943 | | | | | 2,031,943 | 6,539,515 |
| CHANGES IN NET POSITION | 741,821 | (459,561) | - | (135,000) | - | 147,260 | 7,201,005 |
| BEGINNING NET POSITION | 79,907,153 | 2,417,278 | | 3,936,649 | | 86,261,080 | 79,060,075 |
| ENDING NET POSITION | \$ 80,648,974 | \$ 1,957,717 | \$ - | \$ 3,801,649 | \$ - | \$ 86,408,340 | \$ 86,261,080 |

See Accompanying Notes to the Financial Statements

Housing Authority of the City of Gary Indiana (IN011)
GARY, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

| | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | COCC | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|------------------------------|---|-------------|---------------|------------|---------------|
| 111 Cash - Unrestricted | \$3,329,839 | \$0 | \$118,594 | | \$0 | \$383,527 | \$3,831,960 | | \$3,831,960 |
| 112 Cash - Restricted - Modernization and Development | | | | | \$0 | | | | |
| 113 Cash - Other Restricted | \$0 | | \$738,258 | | \$181,199 | | \$919,458 | | \$919,458 |
| 114 Cash - Tenant Security Deposits | \$240,205 | | | | \$0 | | \$240,205 | | \$240,205 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | \$0 | | | | |
| 100 Total Cash | \$3,570,044 | \$0 | \$856,853 | \$0 | \$181,199 | \$383,527 | \$4,991,623 | \$0 | \$4,991,623 |
| 121 Accounts Receivable - PHA Projects | \$8,097 | | | | \$0 | | \$8,097 | | \$8,097 |
| 122 Accounts Receivable - HUD Other Projects | \$724,805 | | \$0 | | \$0 | | \$724,805 | | \$724,805 |
| 124 Accounts Receivable - Other Government | | | \$1,217 | | \$0 | \$2,422 | \$3,639 | | \$3,639 |
| 125 Accounts Receivable - Miscellaneous | \$102,419 | | \$695 | | \$0 | \$11,106 | \$114,220 | | \$114,220 |
| 126 Accounts Receivable - Tenants | \$99,519 | | | | \$0 | | \$99,519 | | \$99,519 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$33,842 | | \$0 | | \$0 | \$0 | -\$33,842 | | -\$33,842 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | | \$0 | | \$0 | \$0 | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | \$57,902 | | \$0 | | \$57,902 | -\$57,902 | \$0 |
| 128 Fraud Recovery | | | | | \$0 | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | \$0 | | | | |
| 129 Accrued Interest Receivable | | | | \$436,035 | \$0 | \$3,882,770 | \$4,118,805 | | \$4,118,805 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$888,998 | \$0 | \$59,814 | \$436,035 | \$0 | \$3,896,298 | \$5,091,145 | -\$57,902 | \$5,033,243 |
| 131 Investments - Unrestricted | | | \$855 | | \$0 | | \$855 | | \$855 |
| 132 Investments - Restricted | | | | \$2,829,482 | \$0 | \$87,257 | \$2,916,739 | | \$2,916,739 |
| 135 Investments - Restricted for Payment of Current Liability | | | | | \$0 | | | | |
| 142 Prepaid Expenses and Other Assets | \$93,135 | | \$2,549 | | \$0 | \$11,594 | \$107,278 | | \$107,278 |
| 143 Inventories | \$217,967 | | | | \$0 | | \$217,967 | | \$217,967 |
| 143.1 Allowance for Obsolete Inventories | -\$21,450 | | | | \$0 | | -\$21,450 | | -\$21,450 |
| 144 Inter Program Due From | | | | | \$0 | | | | |
| 145 Assets Held for Sale | | | | | \$0 | | | | |
| 150 Total Current Assets | \$4,759,894 | \$0 | \$920,071 | \$3,285,517 | \$181,199 | \$4,178,676 | \$13,304,157 | -\$57,902 | \$13,246,255 |
| 161 Land | \$1,683,384 | | | | \$0 | | \$1,683,384 | | \$1,683,384 |
| 162 Buildings | \$116,027,584 | | | | \$0 | \$735,720 | \$116,763,284 | | \$116,763,284 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$564,389 | | \$2,385 | \$7,200 | \$0 | \$2,747 | \$576,721 | | \$576,721 |
| 164 Furniture, Equipment & Machinery - Administration | \$8,906,319 | | \$133,080 | \$13,061 | \$0 | \$513,735 | \$9,566,195 | | \$9,566,195 |
| 165 Leasehold Improvements | \$11,812 | | | | \$0 | | \$11,812 | | \$11,812 |
| 166 Accumulated Depreciation | -\$67,177,130 | | -\$135,465 | -\$173,077 | \$0 | -\$600,284 | -\$68,085,956 | | -\$68,085,956 |
| 167 Construction in Progress | \$7,511,509 | | | | \$0 | | \$7,511,509 | | \$7,511,509 |
| 168 Infrastructure | \$3,287,330 | | | \$3,223,543 | \$0 | \$1,803 | \$6,512,676 | | \$6,512,676 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$68,815,157 | \$0 | \$0 | \$3,070,727 | \$0 | \$653,721 | \$72,539,605 | \$0 | \$72,539,605 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | \$966,402 | \$500,000 | \$0 | \$8,337,060 | \$9,803,462 | -\$966,402 | \$8,837,060 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | \$0 | | | | |
| 173 Grants Receivable - Non Current | | | | | \$0 | | | | |
| 174 Other Assets | | | | | \$0 | | | | |
| 176 Investments in Joint Ventures | | | | | \$0 | | | | |
| 180 Total Non-Current Assets | \$68,815,157 | \$0 | \$966,402 | \$3,570,727 | \$0 | \$8,990,781 | \$82,343,067 | -\$966,402 | \$81,376,665 |

| | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.856 Lower Income Housing Assistance Program_Section B Moderate | COCC | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|------------------------------|---|--------------|--------------|--------------|--------------|
| 200 Deferred Outflow of Resources | | | | | \$0 | | | | |
| 280 Total Assets and Deferred Outflow of Resources | \$73,573,851 | \$0 | \$1,886,473 | \$6,836,244 | \$181,199 | \$13,169,457 | \$95,647,224 | -\$1,024,304 | \$94,622,920 |
| 311 Bank Overdraft | | | | | \$0 | | | | |
| 312 Accounts Payable <= 90 Days | \$598,818 | | \$6,088 | | \$12,061 | \$81,024 | \$697,991 | | \$697,991 |
| 313 Accounts Payable >90 Days Past Due | | | | | \$0 | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$78,402 | | | | \$0 | \$54,087 | \$132,489 | | \$132,489 |
| 322 Accrued Compensated Absences - Current Portion | \$24,154 | | | | \$0 | \$14,155 | \$38,309 | | \$38,309 |
| 324 Accrued Contingency Liability | | | | | \$0 | | | | |
| 325 Accrued Interest Payable | \$0 | | | | \$0 | | \$0 | | \$0 |
| 331 Accounts Payable - HUD PHA Programs | | | | | \$0 | | | | |
| 332 Account Payable - PHA Projects | | | | | \$0 | | | | |
| 333 Accounts Payable - Other Government | | | | | \$0 | | | | |
| 341 Tenant Security Deposits | \$138,977 | | | | \$0 | | \$138,977 | | \$138,977 |
| 342 Unearned Revenue | \$147,152 | | \$4,217 | \$0 | \$0 | \$4,898 | \$156,067 | | \$156,067 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | \$340,000 | \$0 | \$57,802 | \$397,802 | -\$57,802 | \$340,000 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | \$0 | | | | |
| 345 Other Current Liabilities | | | | | \$0 | | | | |
| 346 Accrued Liabilities - Other | \$13,828 | | \$3,500 | | \$0 | \$14,180 | \$31,308 | | \$31,308 |
| 347 Inter Program - Due To | \$0 | | | | \$0 | | \$0 | | \$0 |
| 348 Loan Liability - Current | | | | | \$0 | | | | |
| 310 Total Current Liabilities | \$1,001,131 | \$0 | \$13,805 | \$340,000 | \$12,061 | \$226,046 | \$1,593,043 | -\$57,802 | \$1,535,141 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | \$1,185,000 | \$0 | \$966,402 | \$2,151,402 | -\$966,402 | \$1,185,000 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | \$0 | | | | |
| 353 Non-current Liabilities - Other | \$156,873 | | \$84,089 | \$1,509,595 | \$0 | \$3,882,770 | \$5,433,327 | | \$5,433,327 |
| 354 Accrued Compensated Absences - Non Current | \$50,081 | | | | \$0 | \$11,031 | \$61,112 | | \$61,112 |
| 355 Loan Liability - Non Current | | | | | \$0 | | | | |
| 356 FASB 5 Liabilities | | | | | \$0 | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | \$0 | | | | |
| 350 Total Non-Current Liabilities | \$208,954 | \$0 | \$84,089 | \$2,694,595 | \$0 | \$4,860,203 | \$7,645,841 | -\$966,402 | \$6,679,439 |
| 300 Total Liabilities | \$1,208,085 | \$0 | \$97,894 | \$3,034,595 | \$12,061 | \$4,886,249 | \$9,238,884 | -\$1,024,304 | \$8,214,580 |
| 400 Deferred Inflow of Resources | | | | | \$0 | | | | |
| 508.3 Nonspendable Fund Balance | | | | | \$0 | | | | |
| 508.4 Net Investment in Capital Assets | \$68,815,157 | | | \$3,070,727 | \$0 | \$653,721 | \$72,539,605 | | \$72,539,605 |
| 509.3 Restricted Fund Balance | | | | | \$0 | | | | |
| 510.3 Committed Fund Balance | | | | | \$0 | | | | |
| 511.3 Assigned Fund Balance | | | | | \$0 | | | | |
| 511.4 Restricted Net Position | \$0 | | \$1,687,600 | \$230,922 | \$169,138 | | \$2,087,660 | | \$2,087,660 |
| 512.3 Unassigned Fund Balance | | | | | \$0 | | | | |
| 512.4 Unrestricted Net Position | \$3,550,809 | \$0 | \$100,979 | \$500,000 | \$0 | \$7,629,467 | \$11,781,075 | | \$11,781,075 |
| 513 Total Equity - Net Assets / Position | \$72,365,766 | \$0 | \$1,788,579 | \$3,801,649 | \$169,138 | \$8,283,208 | \$88,408,340 | \$0 | \$88,408,340 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$73,573,851 | \$0 | \$1,886,473 | \$6,836,244 | \$181,199 | \$13,169,457 | \$95,647,224 | -\$1,024,304 | \$94,622,920 |

Housing Authority of the City of Gary Indiana (IN011)
GARY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2018

| | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.856 Lower Income Housing Assistance Program_Section B Moderate | COCC | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|------------------------------|---|-------------|--------------|--------------|--------------|
| 70300 Net Tenant Rental Revenue | \$2,674,512 | | | | \$0 | | \$2,674,512 | | \$2,674,512 |
| 70400 Tenant Revenue - Other | \$41,742 | | | | \$0 | | \$41,742 | | \$41,742 |
| 70500 Total Tenant Revenue | \$2,716,254 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,716,254 | \$0 | \$2,716,254 |
| 70600 HUD PHA Operating Grants | \$8,558,715 | \$50,913 | \$12,345,754 | | \$403,606 | | \$21,358,988 | | \$21,358,988 |
| 70610 Capital Grants | \$2,031,942 | | | | \$0 | | \$2,031,942 | | \$2,031,942 |
| 70710 Management Fee | | | | | \$0 | \$1,479,381 | \$1,479,381 | -\$1,479,381 | \$0 |
| 70720 Asset Management Fee | | | | | \$0 | \$34,680 | \$34,680 | -\$34,680 | \$0 |
| 70730 Book Keeping Fee | | | | | \$0 | \$157,605 | \$157,605 | -\$157,605 | \$0 |
| 70740 Front Line Service Fee | | | | | \$0 | \$92,927 | \$92,927 | -\$92,927 | \$0 |
| 70750 Other Fees | | | | | \$0 | | | | |
| 70700 Total Fee Revenue | | | | | \$0 | \$1,764,593 | \$1,764,593 | -\$1,764,593 | \$0 |
| 70800 Other Government Grants | | | | | \$0 | | | | |
| 71100 Investment Income - Unrestricted | | | \$6 | | \$0 | \$0 | \$6 | | \$6 |
| 71200 Mortgage Interest Income | | | | | \$0 | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | \$0 | | | | |
| 71310 Cost of Sale of Assets | | | | | \$0 | | | | |
| 71400 Fraud Recovery | | | \$3,054 | | \$0 | | \$3,054 | | \$3,054 |
| 71500 Other Revenue | \$88,509 | | \$27,607 | | \$21,133 | \$900 | \$138,149 | | \$138,149 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | \$0 | | | | |
| 72000 Investment Income - Restricted | | | | \$21,791 | \$0 | \$0 | \$21,791 | | \$21,791 |
| 70000 Total Revenue | \$13,395,420 | \$50,913 | \$12,378,421 | \$21,791 | \$424,739 | \$1,765,493 | \$28,034,777 | -\$1,764,593 | \$26,270,184 |
| 91100 Administrative Salaries | \$628,980 | | | | \$0 | \$923,573 | \$1,550,553 | | \$1,550,553 |
| 91200 Auditing Fees | \$45,691 | | \$13,230 | | \$4,000 | \$9,604 | \$72,525 | | \$72,525 |
| 91300 Management Fee | \$1,293,459 | | \$178,280 | | \$7,632 | | \$1,479,381 | -\$1,479,381 | \$0 |
| 91310 Book-keeping Fee | \$117,473 | | \$35,362 | | \$4,770 | | \$157,605 | -\$157,605 | \$0 |
| 91400 Advertising and Marketing | | | | | \$0 | | | | |
| 91500 Employee Benefit contributions - Administrative | \$290,748 | | \$4,723 | | \$0 | \$354,171 | \$649,642 | | \$649,642 |
| 91600 Office Expenses | \$422,667 | | \$33,361 | | \$0 | \$140,488 | \$596,516 | | \$596,516 |
| 91700 Legal Expense | \$83,045 | | \$7,508 | | \$0 | \$62,758 | \$153,311 | | \$153,311 |
| 91800 Travel | \$3,123 | | | | \$0 | \$49,455 | \$52,578 | | \$52,578 |
| 91810 Allocated Overhead | | | | | \$0 | | | | |
| 91900 Other | \$569,842 | \$50,913 | \$760,786 | | \$29,911 | \$848,625 | \$2,260,077 | -\$82,927 | \$2,167,150 |
| 91000 Total Operating - Administrative | \$3,453,028 | \$50,913 | \$1,033,280 | \$0 | \$46,313 | \$2,388,674 | \$6,972,188 | -\$1,729,913 | \$5,242,275 |
| 92000 Asset Management Fee | \$34,680 | | | | \$0 | | \$34,680 | -\$34,680 | \$0 |
| 92100 Tenant Services - Salaries | \$140,754 | | | | \$0 | \$7,781 | \$148,535 | | \$148,535 |
| 92200 Relocation Costs | \$8,603 | | | | \$0 | | \$8,603 | | \$8,603 |
| 92300 Employee Benefit Contributions - Tenant Services | \$5,909 | | | | \$0 | \$2,334 | \$8,243 | | \$8,243 |
| 92400 Tenant Services - Other | \$2,842 | | | | \$0 | \$8,057 | \$10,899 | | \$10,899 |
| 92500 Total Tenant Services | \$158,108 | \$0 | \$0 | \$0 | \$0 | \$18,172 | \$176,280 | \$0 | \$176,280 |
| 93100 Water | \$242,365 | | \$289 | | \$0 | \$5,606 | \$248,260 | | \$248,260 |

| | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | COCC | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|------------------------------|---|-------------|--------------|--------------|--------------|
| 93200 Electricity | \$1,036,146 | | \$3,472 | | \$0 | \$34,231 | \$1,073,849 | | \$1,073,849 |
| 93300 Gas | \$485,767 | | \$95 | | \$0 | \$2,170 | \$488,032 | | \$488,032 |
| 93400 Fuel | | | | | \$0 | | | | |
| 93500 Labor | | | | | \$0 | | | | |
| 93600 Sewer | \$512,800 | | \$504 | | \$0 | \$9,838 | \$523,142 | | \$523,142 |
| 93700 Employee Benefit Contributions - Utilities | | | | | \$0 | | | | |
| 93800 Other Utilities Expense | | | | | \$0 | | | | |
| 93000 Total Utilities | \$2,277,078 | \$0 | \$4,360 | \$0 | \$0 | \$51,845 | \$2,333,283 | \$0 | \$2,333,283 |
| 94100 Ordinary Maintenance and Operations - Labor | \$849,736 | | | | \$0 | \$1,065 | \$850,801 | | \$850,801 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$296,727 | | | | \$0 | \$8,581 | \$305,308 | | \$305,308 |
| 94300 Ordinary Maintenance and Operations Contracts | \$1,587,833 | | \$984 | | \$0 | \$25,638 | \$1,614,455 | | \$1,614,455 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$272,164 | | | | \$0 | \$126 | \$272,290 | | \$272,290 |
| 94000 Total Maintenance | \$3,006,460 | \$0 | \$984 | \$0 | \$0 | \$35,410 | \$3,042,854 | \$0 | \$3,042,854 |
| 95100 Protective Services - Labor | | | | | \$0 | | | | |
| 95200 Protective Services - Other Contract Costs | \$591,370 | | | | \$0 | | \$591,370 | | \$591,370 |
| 95300 Protective Services - Other | | | | | \$0 | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | \$0 | | | | |
| 95000 Total Protective Services | \$591,370 | \$0 | \$0 | \$0 | \$0 | \$0 | \$591,370 | \$0 | \$591,370 |
| 96110 Property Insurance | | | | | \$0 | | | | |
| 96120 Liability Insurance | | | | | \$0 | | | | |
| 96130 Workmen's Compensation | | | | | \$0 | | | | |
| 96140 All Other Insurance | \$601,366 | | \$33,343 | | \$0 | \$32,517 | \$667,226 | | \$667,226 |
| 96100 Total insurance Premiums | \$601,366 | \$0 | \$33,343 | \$0 | \$0 | \$32,517 | \$667,226 | \$0 | \$667,226 |
| 96200 Other General Expenses | | | | | \$0 | \$11 | \$11 | | \$11 |
| 96210 Compensated Absences | | | | | \$0 | | | | |
| 96300 Payments in Lieu of Taxes | \$60,374 | | | | \$0 | | \$60,374 | | \$60,374 |
| 96400 Bad debt - Tenant Rents | \$263,710 | | | | \$0 | | \$263,710 | | \$263,710 |
| 96500 Bad debt - Mortgages | | | | | \$0 | | | | |
| 96600 Bad debt - Other | | | | | \$0 | | | | |
| 96800 Severance Expense | | | | | \$0 | | | | |
| 96000 Total Other General Expenses | \$324,084 | \$0 | \$0 | \$0 | \$0 | \$11 | \$324,095 | \$0 | \$324,095 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | \$136,530 | \$0 | | \$136,530 | | \$136,530 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | \$0 | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | \$0 | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$136,530 | \$0 | \$0 | \$136,530 | \$0 | \$136,530 |
| 96900 Total Operating Expenses | \$10,446,174 | \$50,913 | \$1,071,947 | \$136,530 | \$46,313 | \$2,526,629 | \$14,278,506 | -\$1,764,593 | \$12,513,913 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$2,949,246 | \$0 | \$11,304,474 | -\$114,739 | \$378,426 | -\$761,136 | \$13,756,271 | \$0 | \$13,756,271 |
| 97100 Extraordinary Maintenance | | | | | \$0 | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | \$0 | | | | |
| 97300 Housing Assistance Payments | | | \$11,745,262 | | \$357,293 | | \$12,102,555 | | \$12,102,555 |
| 97350 HAP Portability-In | | | \$39,906 | | \$0 | | \$39,906 | | \$39,906 |
| 97400 Depreciation Expense | \$1,405,497 | | \$0 | \$20,261 | \$0 | \$40,792 | \$1,466,550 | | \$1,466,550 |

| | Project Total | 14,870 Resident Opportunity and Supportive Services | 14,871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14,856 Lower Income Housing Assistance Program, Section 8 Moderate | COCC | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|------------------------------|--|-------------|--------------|--------------|--------------|
| 97500 Fraud Losses | | | | | \$0 | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | \$0 | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | \$0 | | | | |
| 97800 Dwelling Units Rent Expense | | | | | \$0 | | | | |
| 90000 Total Expenses | \$11,851,671 | \$50,913 | \$12,857,115 | \$156,791 | \$403,606 | \$2,567,421 | \$27,887,517 | -\$1,764,593 | \$26,122,924 |
| 10010 Operating Transfer In | \$1,488,846 | | | | \$0 | \$94,670 | \$1,583,516 | -\$1,117,621 | \$465,895 |
| 10020 Operating transfer Out | -\$1,583,516 | | | | \$0 | | -\$1,583,516 | \$1,117,621 | -\$465,895 |
| 10030 Operating Transfers from/to Primary Government | | | | | \$0 | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | \$0 | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | \$0 | | | | |
| 10060 Proceeds from Property Sales | | | | | \$0 | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | \$0 | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | \$0 | | | | |
| 10091 Inter Project Excess Cash Transfer In | \$514,786 | | | | \$0 | | \$514,786 | -\$376,000 | \$138,786 |
| 10092 Inter Project Excess Cash Transfer Out | -\$514,786 | | | | \$0 | | -\$514,786 | \$376,000 | -\$138,786 |
| 10093 Transfers between Program and Project - In | | | | | \$0 | | | | |
| 10094 Transfers between Project and Program - Out | | | | | \$0 | | | | |
| 10100 Total Other financing Sources (Uses) | -\$94,670 | \$0 | \$0 | \$0 | \$0 | \$94,670 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$1,449,079 | \$0 | -\$480,694 | -\$135,000 | \$21,133 | -\$707,258 | \$147,260 | \$0 | \$147,260 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$320,000 | \$0 | \$0 | \$320,000 | | \$320,000 |
| 11030 Beginning Equity | \$70,916,687 | \$0 | \$2,269,273 | \$3,936,649 | \$148,005 | \$8,990,466 | \$86,261,080 | | \$86,261,080 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | \$0 | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | \$0 | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | \$0 | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | \$0 | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | \$0 | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | \$0 | | | | |
| 11170 Administrative Fee Equity | | | \$100,979 | | \$0 | | \$100,979 | | \$100,979 |
| 11180 Housing Assistance Payments Equity | | | \$1,687,600 | | \$0 | | \$1,687,600 | | \$1,687,600 |
| 11190 Unit Months Available | 18288 | | 21024 | | 636 | 0 | 39948 | | 39948 |
| 11210 Number of Unit Months Leased | 14977 | | 20844 | | 636 | 0 | 36257 | | 36257 |
| 11270 Excess Cash | \$2,597,245 | | | | \$0 | | \$2,597,245 | | \$2,597,245 |
| 11610 Land Purchases | \$0 | | | | \$0 | \$0 | \$0 | | \$0 |
| 11620 Building Purchases | \$1,436,500 | | | | \$0 | \$0 | \$1,436,500 | | \$1,436,500 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$53,460 | | | | \$0 | \$0 | \$53,460 | | \$53,460 |
| 11640 Furniture & Equipment - Administrative Purchases | \$112,292 | | | | \$0 | \$0 | \$112,292 | | \$112,292 |
| 11650 Leasehold Improvements Purchases | \$0 | | | | \$0 | \$0 | \$0 | | \$0 |
| 11660 Infrastructure Purchases | \$429,690 | | | | \$0 | \$0 | \$429,690 | | \$429,690 |
| 13510 CFFP Debt Service Payments | \$0 | | | | \$0 | \$0 | \$0 | | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | | | \$0 | \$0 | \$0 | | \$0 |

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
 SCHEDULE EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31, 2018**

EXHIBIT D

| FEDERAL GRANTOR | CFDA # | FEDERAL AWARDS EXPENDED | TOTAL PROGRAM EXPENDITURES |
|--|--------|-------------------------------|----------------------------------|
| Major Federal Programs - U S Department of Housing and Urban Development | | | |
| <u>Housing Choice Voucher Cluster</u> | | | |
| Section 8 Housing Choice Voucher Program | 14.871 | 13,260,721 | 13,260,721 |
| Total Major Federal Program | | 13,260,721 | 13,260,721 |
| Non-Major Federal Program - U S Department of Housing and Urban Development | | | |
| <u>Low-Income Rental Housing Programs</u> | | | |
| Public and Indian Housing | 14.850 | \$ 7,069,869 | \$ 14,419,092 |
| Public Housing Capital Fund | 14.872 | 3,520,789 | 3,520,789 |
| Total Low-Income Rental Housing Programs | | 10,590,658 | 17,939,881 |
| <u>Section 8 Project Based Cluster</u> | | | |
| Lower Income Housing Assistance Prog._Sec. 8 Moderate Rehabilitation | 14.856 | 403,606 | 403,606 |
| <u>Other Non-Major Programs</u> | | | |
| Resident Opportunity and Self Sufficiency | 14.870 | 50,913 | 50,913 |
| Total Non-Major Federal Program | | 11,045,177 | 18,394,400 |
| Total All Programs - U S Department of Housing and Urban Development | | \$ 24,305,898 | \$ 31,655,121 |

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2018**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Gary, Indiana (the Authority), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's financial statements.

The schedule summarizes the federal funds expended by the Authority under programs of the federal government during the year ended March 31, 2018. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2018, and should be read in conjunction with the Authority's consolidated financial statements.

The Authority has not elected to use the 10% de minimis direct cost rate as allowed under the Uniform Guidance.

Note 2 - Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

Note 3 - Sub-recipients

There were no sub-recipients for the year ended March 31, 2018.

Note 4 - Loans Outstanding

There were no federal loans outstanding for the year ended March 31, 2018.

Note 5 - Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended March 31, 2018.

Note 6 - Insurance

The Authority had no federal insurance for the year ended March 31, 2018.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF CAPITAL FUND PROGRAM COST UNCOMPLETED
FOR THE YEAR ENDED MARCH 31, 2018**

EXHIBIT E

**ANNUAL CONTRIBUTION CONTRACT C - 348
PHASES IN36P011 -501-13, 501-14, 501-15, AND 501-16 & IN36R011501-12**

| | 501-12R | 501-13 | 501-14 | 501-15 | 501-16 | 501-17 | Total |
|---|-------------------|-------------------|------------------------|------------------|-------------------|---------------------|------------------------|
| Funds Approved | \$ 392,701 | \$ 2,899,400 | \$ 3,022,998 | \$ 2,989,290 | \$ 3,057,687 | \$ 3,685,250 | 16,047,326 |
| Funds Expended | <u>150,000</u> | <u>2,686,543</u> | <u>3,022,998</u> | <u>2,954,446</u> | <u>2,751,365</u> | <u>1,105,575</u> | <u>12,670,927</u> |
| Excess \ (Deficit) of Funds Approved | <u>\$ 242,701</u> | <u>\$ 212,857</u> | <u>\$ -</u> | <u>\$ 34,844</u> | <u>\$ 306,322</u> | <u>\$ 2,579,675</u> | <u>\$ 3,376,399</u> |
| Funds Advanced | \$ 150,000 | \$ 2,686,543 | \$ 2,747,151 | \$ 2,954,446 | \$ 2,751,365 | \$ 1,105,575 | 11,289,505 |
| Funds Expended | <u>150,000</u> | <u>2,686,543</u> | <u>3,022,998</u> | <u>2,954,446</u> | <u>2,751,365</u> | <u>1,105,575</u> | <u>11,565,352</u> |
| Excess \ (Deficit) of Funds Advanced | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (275,847.00)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (275,847.00)</u> |

- 1 Capital Fund Program costs for Phases IN 36P-501-13, 501-14, 501-15, 501-16, 501-17 and IN 36R-501-12 are shown above.
- 2 Cost additions during this fiscal year, totaled \$8,154,274, and were audited by VB&C.

**HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF CAPITAL FUND PROGRAM COST COMPLETED
FOR THE YEAR ENDED MARCH 31, 2018**

EXHIBIT F

| |
|--|
| ANNUAL CONTRIBUTION CONTRACT C - 348 PHASES IN36PO11 - 501-09, 501-10, 501-11, 501-12 |
|--|

| | 501-09 | 501-10 | 501-11 | 501-12 | Total |
|--------------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Funds Approved | \$ 4,616,580 | \$ 4,601,056 | \$ 3,798,787 | \$ 3,026,819 | \$ 16,043,242 |
| Funds Expended | <u>4,616,580</u> | <u>4,601,056</u> | <u>3,798,787</u> | <u>3,026,819</u> | <u>16,043,242</u> |
| Excess \ (Deficit) of Funds Approved | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Funds Advanced | \$ 4,616,580 | \$ 4,601,056 | \$ 3,798,787 | \$ 3,026,819 | \$ 16,043,242 |
| Funds Expended | <u>4,616,580</u> | <u>4,601,056</u> | <u>3,798,787</u> | <u>3,026,819</u> | <u>16,043,242</u> |
| Excess \ (Deficit) of Funds Advanced | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |

- 1 The total costs of the Modernization costs of the Mordernization grant is shown above.
- 2 All Modernization work in connection with the Modernization have been completed.
- 3 The entire actual modernization costs or liabilities therefore incurred by the Authority have been fully paid;
- 4 There are no undischarges mechanics', laborers contractors', or material-men leins against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- 5 The time in which such lein could be filed has expired.

SINGLE AUDIT REPORTS

**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 Gary, Indiana
Gary, Indiana

U.S. Department of Housing and Urban
Development
Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

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 Gary, Indiana (Authority), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

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

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

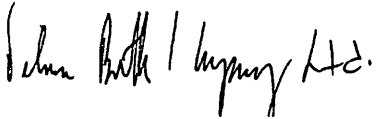
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Velma Butler & Company Ltd." The signature is written in a cursive, flowing style.

Velma Butler & Company, Ltd.
Chicago, Illinois

December 11, 2018

**Report on Compliance for Each Major Program; and Report on
Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

INDEPENDENT AUDITOR'S REPORT

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

U.S. Department of Housing and Urban
Development
Indianapolis Office
Minton-Capehart Federal Building
575 North Pennsylvania, Room 655
Indianapolis, Indiana 46204

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Gary, Indiana (the 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 Authority's major federal programs for the year ended March 31, 2018. The 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority'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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 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 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 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

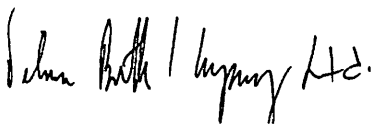
internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal controls 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. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the Authority as of and for the year ended March 31, 2018, and have issued our report thereon dated December 11, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 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 our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Velma Butler & Company, Ltd.
Chicago, Illinois

December 11, 2018

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2018**

Section II – Financial Statement Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2018.

Section III – Federal Award Findings and Questioned Costs

Finding 2018 - 001 Selection from the Waiting List

Information on the Federal Program:

U.S. Department of Housing and Urban Development

CFDA 14.871 – Housing Choice Voucher Cluster:

Federal Award ID and Year: April 1, 2017 – March 31, 2018

Condition:

The Authority did not maintain documentation to assure compliance with the wait list guidelines in their administrative plan.

We tested (28) participants listed on the waiting list and noted the following:

- One file did not contain an initial letter notifying the participant of their eligibility for the housing choice voucher program and thus an offer was made out of order according to wait list guidelines.

Criteria or Requirement:

According to 2 CFR, part 200, subpart F §200.507, 3(iii), the PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. GHA guidelines state, “families will be selected from the waiting list strictly in numerical sequence, regardless of family size and subject to income targeting requirements.”

Cause:

GHA did not always maintain proper documentation demonstrating compliance with waiting list selections according to HCV administrative plan.

Effect:

Inadequate documentation resulted in non-compliance to federal requirements, which may result in penalties and fines.

Prevalence:

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2018**

This appeared to be isolated instances based on the judgmental sample selected.

Prior Year Identification:

None

Recommendation:

We recommend that the Authority adequately review files to assure that the required documentation is retained to assure adherence to HCV administrative guidelines.

Authority's Action Plan:

The Section 8 Director has agreed to review every file that a waiting list prospect has been called for interview and make sure all compliances are met and supporting documents are properly filed.

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2018**

| <u>Prior Year Findings</u> | <u>Status</u> | <u>Page Number</u> |
|---|---------------|--------------------|
| Financial Statement Findings and Questioned Cost | | |
| 1. None | Closed | 51 |
| Federal Award Findings and Questioned Cost | | |
| 1. Wage Rate Requirements, 2017-001 | Closed | 51 |

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2018**

Section II - Financial Statement Findings and Questioned Costs

None

Section III - Federal Award Findings and Questioned Costs

Finding 2017 - 001 Wage Rate Requirements

Information on the Federal Program:

U.S. Department of Housing and Urban Development

CFDA 14.872 - Public Housing Capital Fund:

Federal Award ID and Year: April 1, 2016 - March 31, 2017

Condition:

The Authority did not maintain documentation to assure compliance with the Davis-Bacon wage rate requirements.

We tested six (6) capital grant fund program contracts and noted the following:

- Three files did not contain an employee interview to verify proper wage payout.

Criteria or Requirement:

Construction projects funded with HUD capital funds are required to comply with the Davis-Bacon Act - requiring the payment of prevailing wages on the projects and to maintain documentation demonstrating compliance.

Cause:

Construction contractors did not always maintain proper documentation demonstrating compliance.

Effect:

Inadequate documentation resulted in non-compliance to federal requirements, which may result in penalties and fines.

Prevalence:

The Authority has contracted this service out and has not adequately reviewed the contractor to assure compliance with the requirement.

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2018**

Prior Year Identification:

Yes, repeat finding from 2016 (2016-005).

Recommendation:

We recommend that the Authority adequately review its contractors to assure that the required documentation is retained to assure adherence to all the Davis-Bacon Act.

Authority's Action Plan:

The GHA concurs with the Auditor's recommendation. The GHA will make sure that contractors comply with all applicable regulatory rules and requirements. The Chief Procurement Officer will ensure compliance with requirements.

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2018**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program, and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF THE CITY OF GARY, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED MARCH 31, 2018**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not note any material instances of noncompliance.

**Gary Housing Authority
Corrective Action Plan FY 2018**

Finding 2018 - 001 Selection from the Waiting List

Corrective Action Plan:

The GHA concurs with the Auditor's recommendation. Eustace Kamanja, the Finance Director, has directed the Section 8 Director to review every file that a waiting list prospect has been called for interview and make sure all compliances are met and supporting documents are properly filed. (To Be Completed By: 3.31.19)