



STATE OF INDIANA
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February 5, 2020

Board of Directors
Housing Authority of Cannelton
P.O. Box 336
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We have reviewed the audit report of the Housing Authority of Cannelton, which was opined upon by Barnes, Dennig & Co., LTD, Independent Public Accountant, for the period April 1, 2017 to March 31, 2018. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of Cannelton, as of March 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce, CPA
State Examiner

Housing Authority of Cannelton Cannelton, Indiana

**Financial Statements and Supplementary Information
March 31, 2018, and
Independent Auditors' Report**

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana
March 31, 2018

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Independent Auditors' Report

Board of Directors
Housing Authority of Cannelton
Cannelton, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of Cannelton, (the Authority), as of and for the year ended March 31, 2018, and related notes to the financial statements, which collectively comprise the Authorities 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

**Independent Auditors' Report
(Continued)**

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of Cannelton's basic financial statements. The accompanying supplementary information section containing the Financial Data Submission is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information containing the Financial Data Submission is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information containing the Financial Data Submission is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Independent Auditors' Report
(Continued)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the Housing Authority of Cannelton'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 Housing Authority of Cannelton's internal control over financial reporting and compliance.



December 6, 2018
Indianapolis, Indiana

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS
Year Ended March 31, 2018

As management of the Housing Authority of Cannelton (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

- Net position increased by \$478 as of March 31, 2018.
- Operating revenue of the Authority increased by \$23,652 from prior year results.
- The Authority's cash balance at March 31, 2018 was \$5,709, representing a decrease of \$3,399 from March 31, 2017.

OVERVIEW OF THE AUTHORITY

The Housing Authority of Cannelton is organized under the laws of the State of Indiana for the purpose of providing rent assistance for the elderly and low income families. The Authority receives funds from HUD under Annual Contribution Contract C-2041 Cannelton, Indiana, and administers 179 Section 8 Housing Choice Voucher units.

A seven (7)-member board governs the Authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements consist of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Authority-wide financial statements and notes to the financial statements.

- The Authority-wide financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.
- The basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Authority-wide statements.

The Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows report information about the Authority as a whole and about its activities in a format that helps the reader assess the result of operations. Each statement is a condensed presentation of sources of funding and major activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS--Continued
Year Ended March 31, 2018

AN OVERVIEW OF THE AUTHORITY—WIDE FINANCIAL POSITION AND OPERATIONS

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

Housing Authority of Cannelton
Statement of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current assets	\$ 6,492	\$ 33,565	-80.7%
Total assets	<u>\$ 6,492</u>	<u>\$ 33,565</u>	<u>-80.7%</u>
Current liabilities	\$ -	\$ 27,551	-100.0%
Total liabilities	<u>\$ -</u>	<u>\$ 27,551</u>	<u>-100.0%</u>
Net position			
Unrestricted	\$ 2,196	\$ 1,337	64.2%
Restricted	<u>4,296</u>	<u>4,677</u>	<u>-8.1%</u>
Total net position	<u>\$ 6,492</u>	<u>\$ 6,014</u>	<u>7.9%</u>

Cash

Total cash decreased by \$3,399 or 37.3% as of March 31, 2018 compared to March 31, 2017.

Accounts receivable

Accounts receivable decreased by \$23,674 as of March 31, 2018. As of March 31, 2018, the Authority had \$783 in fraud recovery receivables and \$0 in HUD receivables.

Accounts payable

There were no payables at March 31, 2018.

Long-term debt

The Authority does not have any long-term liabilities at this time.

Net Position

Net Position increased by \$478 as of March 31, 2018. Unrestricted net position increased by \$859 and the restricted net position decreased by \$381 in fiscal 2018.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS--Continued
Year Ended March 31, 2018

AN OVERVIEW OF THE AUTHORITY—WIDE FINANCIAL POSITION AND OPERATIONS – Continued

The results of operations for the Authority are presented below:

Housing Authority of Cannelton
Statement of Revenue, Expenses, and Changes in Net Position

	2018	2017	Increase/Decrease	
			Amount	Percentage
Revenues				
HUD PHA grants	\$ 594,005	\$ 570,954	\$ 23,051	4.0%
Fraud recovery	701	100	601	601.0%
Total revenue	<u>594,706</u>	<u>571,054</u>	<u>23,652</u>	<u>4.1%</u>
Expenses				
Administrative	\$ 60,412	\$ 62,346	\$ (1,934)	-3.1%
Housing assistance payments	533,747	527,958	5,789	1.1%
HAP portability-out	85	-	85	0.0%
Total expenses	<u>594,244</u>	<u>590,304</u>	<u>3,940</u>	<u>0.7%</u>
Operating income/(loss)	<u>462</u>	<u>(19,250)</u>	<u>19,712</u>	<u>102.4%</u>
Nonoperating revenue				
Interest and investment revenue	16	10	6	60.0%
Total nonoperating revenue	<u>16</u>	<u>10</u>	<u>6</u>	<u>60.0%</u>
Excess of revenues over expenses	<u>\$ 478</u>	<u>\$ (19,240)</u>	<u>\$ 19,718</u>	<u>102.5%</u>

The details of the changes are explained in the Results of Operations section.

RESULTS OF OPERATIONS

Net position increased by \$478 during the year ended March 31, 2018.

Operating revenues of the Authority's activities are generated principally from HUD annual contributions. During the year ended March 31, 2018, the Authority's operating revenues for its activities totaled \$594,706. Of this total, \$594,005, or 99.9% is from HUD annual contributions. Operating expenses of the Authority's activities consist primarily of housing assistance payments. Operating expenses totaled \$594,244 of which \$533,747, or 89.8%, were housing assistance payments. A lag between expenditures and an increase in funding for those expenditures exists.

**HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana**

MANAGEMENT DISCUSSION AND ANALYSIS--Continued
Year Ended March 31, 2018

CAPITAL ASSETS

The Authority had no capital assets as of March 31, 2018.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report should be addressed to the following address:

Housing Authority of Cannelton
c/o Lincoln Hills Development Corporation
Attn: Executive Director
P.O. Box 336
Tell City, IN 47586

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Net Position
March 31, 2018

Assets		
Cash - unrestricted	111	\$ 5,709
Cash - other restricted	113	-
Total cash	100	<u>5,709</u>
Accounts receivable - HUD	122	-
Accounts receivable - miscellaneous	125	-
Fraud recovery	128	783
Allowance for doubtful accounts - fraud	128	-
Total receivables, (net of allowance for doubtful accounts)	120	<u>783</u>
Total current assets	150	<u>6,492</u>
Total assets	190	<u><u>\$ 6,492</u></u>
Liabilities and Net Position		
Liabilities		
Other current liabilities	345	\$ -
Total current liabilities	310	-
Total non-current liabilities	350	-
Total liabilities	300	<u>-</u>
Net position		
Unrestricted	512	2,196
Restricted	511	<u>4,296</u>
Total net position		<u>6,492</u>
Total net position and liabilities	513	<u><u>\$ 6,492</u></u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended March 31, 2018

		<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues				
HAP Income	70600	\$ 60,939	\$ 533,066	\$ 594,005
Fraud recovery	71400	401	300	701
Admin fee debt forgiveness	71500	-	-	-
Investment income	71100/72000	16	-	16
		<u>61,356</u>	<u>533,366</u>	<u>594,722</u>
Total revenue	70000			594,722
Net position released from restrictions		<u>533,747</u>	<u>(533,747)</u>	<u>-</u>
Total revenue and support		<u>595,103</u>	<u>(381)</u>	<u>594,722</u>
Expenses				
Auditing Fees	91200	5,950	-	5,950
Management Fee	91300	54,462	-	54,462
Other	91900	85	-	85
Total administrative	91000	<u>60,497</u>	<u>-</u>	<u>60,497</u>
Total operating expenses	96900	60,497	-	60,497
Housing Assistance Payments	97300	<u>533,747</u>	<u>-</u>	<u>533,747</u>
Total expenses	90000	<u>594,244</u>	<u>-</u>	<u>594,244</u>
Change in net position		859	(381)	478
Net position - beginning of year	11030	<u>1,337</u>	<u>4,677</u>	<u>6,014</u>
Net position - end of year		<u>\$ 2,196</u>	<u>\$ 4,296</u>	<u>\$ 6,492</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Statement of Cash Flows
Year Ended March 31, 2018

Cash Flows From Operating Activities

Cash received from HAP income	\$ 618,380
Other cash received	16
Cash payments for housing assistance	(533,747)
Cash paid to management agent	(82,098)
Cash paid to other vendors	<u>(5,950)</u>

Net cash provided by (used in)
operating activities (3,399)

Change in cash (3,399)

Cash - beginning of year 9,108

Cash - end of year \$ 5,709

Reconciliation of Change in Net Position to Net Cash Used in Operating Activities

Change in net position	\$ 478
Adjustments to reconcile change in net position to net cash provided by (used in) operations:	
Accounts payable	(27,551)
Accounts receivable	<u>23,674</u>

Net cash provided by (used in)
operating activities \$ (3,399)

See accompanying notes to financial statements.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Housing Authority of Cannelton (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Authority is organized under the laws of the State of Indiana for the purpose of providing rent assistance for the elderly and low-income families. The Authority administers 179 Section B housing Choice Voucher units under Annual Contribution Contract C-2041 in Cannelton, Indiana. The funds are disbursed to various landlords to provide tenant assistance. The Authority does not own the housing facilities.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Cannelton and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations, and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of Cannelton is a separate reporting entity.

Basis of Presentation

The Authority's program is accounted for as an enterprise fund. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that required that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with Governmental Accounting Standards Board (GASB) Statement 62, *Codification of Accounting and Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority's proprietary fund follows all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except those that conflict with or contradict a GASB pronouncement.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Use of Estimates

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

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined that no allowance for doubtful accounts was required at March 31, 2018.

Revenue and Expenses

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes Section 8 grant revenue. Operating expenses include housing assistance payments, administrative expenses and all other expenses relating to the providing of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Revenue is recorded as earned and expenses are charged against such revenue as incurred with regard to the date of receipt or payment of cash.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through December 6, 2018, which represents the date the financial statements were available for issuance. Subsequent events after that date have not been evaluated.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through restriction imposed by grantors or laws or regulations of other governments.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

The carrying value of cash owned at March 31, 2018 was \$5,709. The bank balance of cash owned at March 31, 2018 was \$6,309.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements
(Continued)

NOTE 2 CASH DEPOSITS AND INVESTMENTS – Continued

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments. The Authority requires investment in instruments authorized by HUD Notice PIH 95-27.

C. Concentration of Credit Risk

The Authority's management considers diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.

NOTE 3 RESTRICTED NET POSITION

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing Authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. The Authority has a balance of \$4,296 in restricted net position at March 31, 2018.

NOTE 4 ADMINISTRATIVE FEE

The Authority receives an "Administrative Fee" as part of the Annual Contribution Contract with HUD to cover the costs (including overhead) of administering the Section 8 program. The Authority entered into an annual agreement with Lincoln Hills Development Corporation (LHDC) whereby LHDC would administer the Section 8 Housing Choice Voucher Program in the County of Perry, Indiana, exclusive of the area in the corporate limits of the city of Tell City, Indiana. LHDC may earn up to \$50.20 per month for each unit leased during the year ended March 31, 2018, limited by the amount of non-HAP revenue received during the same period. The total amount charged to expense under this agreement during the year ended March 31, 2018 was \$54,462 which is included as part of "Administrative" expense in the Statement of Revenues, Expenses, and Changes in Net Position.

HOUSING AUTHORITY OF CANNELTON
Cannellton, Indiana

Notes to Financial Statements
(Continued)

NOTE 5 INCOME TAXES

The Authority is a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes. Management believes that the Authority has adequately addressed all relevant tax positions and that there are no unrecorded income tax liabilities.

NOTE 6 MAJOR FUNDING SOURCE

The Authority is substantially funded by Federal Awards. Management does not anticipate any material change in funding.

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

Board of Directors
Housing Authority of Cannelton
Cannelton, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the aggregate fund information of Housing Authority of Cannelton (the Authority) as of and for the year ended March 31, 2018, and related notes to the financial statements, which collectively comprise the Authorities basic financial statements, and have issued our report thereon dated December 6, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

December 6, 2018
Indianapolis, Indiana

SUPPLEMENTAL INFORMATION

Cannelton Housing Authority (IN043)
 Tell City, IN
Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$5,709	\$5,709
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		
114 Cash - Tenant Security Deposits		
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$5,709	\$5,709
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants		
126.1 Allowance for Doubtful Accounts - Tenants		
126.2 Allowance for Doubtful Accounts - Other		
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery	\$783	\$783
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$783	\$783
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		
143 Inventories		

Cannelton Housing Authority (IN043)
 Tell City, IN
 Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14,871 Housing Choice Vouchers	Total
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$6,492	\$6,492
161 Land		
162 Buildings		
163 Furniture, Equipment & Machinery - Dwellings		
164 Furniture, Equipment & Machinery - Administration		
165 Leasehold Improvements		
166 Accumulated Depreciation		
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$0	\$0
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$6,492	\$6,492

Cannelton Housing Authority (IN043)
 Tell City, IN
Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
311 Bank Overdraft		
312 Accounts Payable <= 90 Days		
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits		
342 Unearned Revenue		
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		

Cannelton Housing Authority (IN043)
 Tell City, IN
Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14,871 Housing Choice Vouchers	Total
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$0	\$0
300 Total Liabilities	\$0	\$0
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets		
511.4 Restricted Net Position	\$4,296	\$4,296
512.4 Unrestricted Net Position	\$2,196	\$2,196
513 Total Equity - Net Assets / Position	\$6,492	\$6,492
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$6,492	\$6,492

Cannelton Housing Authority (IN043)
 Tell City, IN
Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
70300 Net Tenant Rental Revenue		
70400 Tenant Revenue - Other		
70500 Total Tenant Revenue	\$0	\$0
70600 HUD PHA Operating Grants	\$594,005	\$594,005
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$16	\$16
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery	\$701	\$701
71500 Other Revenue		
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$594,722	\$594,722
91100 Administrative Salaries		

Cannelton Housing Authority (IN043)
 Tell City, IN
 Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
91200 Auditing Fees	\$5,950	\$5,950
91300 Management Fee	\$54,547	\$54,547
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative		
91600 Office Expenses		
91700 Legal Expense		
91800 Travel		
91810 Allocated Overhead		
91900 Other		
91000 Total Operating - Administrative	\$60,497	\$60,497
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		
92500 Total Tenant Services	\$0	\$0
93100 Water		
93200 Electricity		
93300 Gas		
93400 Fuel		
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		

Cannelton Housing Authority (IN043)
 Tell City, IN
Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
93800 Other Utilities Expense		
93000 Total Utilities	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor		
94200 Ordinary Maintenance and Operations - Materials and		
94300 Ordinary Maintenance and Operations Contracts		
94500 Employee Benefit Contributions - Ordinary Maintenance		
94000 Total Maintenance	\$0	\$0
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$0
96110 Property Insurance		
96120 Liability Insurance		
96130 Workmen's Compensation		
96140 All Other Insurance		
96100 Total insurance Premiums	\$0	\$0
96200 Other General Expenses		
96210 Compensated Absences		
96300 Payments in Lieu of Taxes		
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		

Cannelton Housing Authority (IN043)
 Tell City, IN
 Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
96600 Bad debt - Other		
96800 Severance Expense		
96000 Total Other General Expenses	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	\$60,497	\$60,497
97000 Excess of Operating Revenue over Operating Expenses	\$534,225	\$534,225
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$533,747	\$533,747
97350 HAP Portability-In		
97400 Depreciation Expense		
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$594,244	\$594,244
10010 Operating Transfer In		
10020 Operating transfer Out		

Cannelton Housing Authority (IN043)
Tell City, IN
Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
10030 Operating Transfers from/to Primary Government		
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$478	\$478
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$6,014	\$6,014
11040 Prior Period Adjustments, Equity Transfers and Correction		
11050 Changes in Compensated Absence Balance		
11060 Changes in Contingent Liability Balance		
11070 Changes in Unrecognized Pension Transition Liability		
11080 Changes in Special Term/Severance Benefits Liability		
11090 Changes in Allowance for Doubtful Accounts - Dwelling		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity	\$2,196	\$2,196
11180 Housing Assistance Payments Equity	\$4,296	\$4,296

Cannelton Housing Authority (IN043)
 Tell City, IN
 Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Total
11190 Unit Months Available	2148	2148
11210 Number of Unit Months Leased	1571	1571
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchases		
11660 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		

Cannelton Housing Authority (IN043)

Tell City, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$5,709	\$5,709	\$5,709
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$5,709	\$5,709	\$5,709
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts -Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$783	\$783	\$783
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$783	\$783	\$783
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			

Cannelton Housing Authority (IN043)

Tell City, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$6,492	\$6,492	\$6,492
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation			
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$0	\$0	\$0
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$6,492	\$6,492	\$6,492

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
311 Bank Overdraft			
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits			
342 Unearned Revenue			
343 Current Portion of Long-term Debt - Capital			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$0	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			

Cannelton Housing Authority (IN043)

Tell City, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$0	\$0	\$0
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets			
511.4 Restricted Net Position	\$4,296	\$4,296	\$4,296
512.4 Unrestricted Net Position	\$2,196	\$2,196	\$2,196
513 Total Equity - Net Assets / Position	\$6,492	\$6,492	\$6,492
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$6,492	\$6,492	\$6,492

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$594,005	\$594,005	\$594,005
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$16	\$16	\$16
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$701	\$701	\$701
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$594,722	\$594,722	\$594,722
91100 Administrative Salaries			

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
91200 Auditing Fees	\$5,950	\$5,950	\$5,950
91300 Management Fee	\$54,547	\$54,547	\$54,547
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative			
91600 Office Expenses			
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$60,497	\$60,497	\$60,497
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and			
94300 Ordinary Maintenance and Operations Contracts			
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$0	\$0	\$0
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$0	\$0	\$0
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$60,497	\$60,497	\$60,497
97000 Excess of Operating Revenue over Operating Expenses	\$534,225	\$534,225	\$534,225
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$533,747	\$533,747	\$533,747
97350 HAP Portability-In			
97400 Depreciation Expense			
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$594,244	\$594,244	\$594,244
10010 Operating Transfer In			
10020 Operating transfer Out			

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$478	\$478	\$478
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$6,014	\$6,014	\$6,014
11040 Prior Period Adjustments, Equity Transfers and Correction			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$2,196	\$2,196	\$2,196
11180 Housing Assistance Payments Equity	\$4,296	\$4,296	\$4,296

Cannelton Housing Authority (IN043)
 Tell City, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
11190 Unit Months Available	2148	2148	2148
11210 Number of Unit Months Leased	1571	1571	1571
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			



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Notes

Audit Information

Financial Statements

MD&A

PHA Information

PHA Code: IN043 Fiscal Year End Date:03/31/2018
 PHA Name: Cannelton Housing Authority
 Submission Type: Audited/Non Single Audit

Notes

Element	Description	Value
G5000-010	Foot Notes	Cannelton Notes 2018.pdf View

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Housing Authority of Cannelton (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Authority is organized under the laws of the State of Indiana for the purpose of providing rent assistance for the elderly and low-income families. The Authority administers 179 Section B housing Choice Voucher units under Annual Contribution Contract C-2041 in Cannelton, Indiana. The funds are disbursed to various landlords to provide tenant assistance. The Authority does not own the housing facilities.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Cannelton and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations, and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of Cannelton is a separate reporting entity.

Basis of Presentation

The Authority's program is accounted for as an enterprise fund. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that required that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with Governmental Accounting Standards Board (GASB) Statement 62, *Codification of Accounting and Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority's proprietary fund follows all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except those that conflict with or contradict a GASB pronouncement.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting.

HOUSING AUTHORITY OF CANNELTON
Cannellton, Indiana

Notes to Financial Statements
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Use of Estimates

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

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. Management has determined that no allowance for doubtful accounts was required at March 31, 2018.

Revenue and Expenses

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes Section 8 grant revenue. Operating expenses include housing assistance payments, administrative expenses and all other expenses relating to the providing of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Revenue is recorded as earned and expenses are charged against such revenue as incurred with regard to the date of receipt or payment of cash.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through December 6, 2018, which represents the date the financial statements were available for issuance. Subsequent events after that date have not been evaluated.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through restriction imposed by grantors or laws or regulations of other governments.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

The carrying value of cash owned at March 31, 2018 was \$5,709. The bank balance of cash owned at March 31, 2018 was \$6,309.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements
(Continued)

NOTE 2 CASH DEPOSITS AND INVESTMENTS – Continued

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions.

B. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments. The Authority requires investment in instruments authorized by HUD Notice PIH 95-27.

C. Concentration of Credit Risk

The Authority's management considers diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.

NOTE 3 RESTRICTED NET POSITION

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing Authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. The Authority has a balance of \$4,296 in restricted net position at March 31, 2018.

NOTE 4 ADMINISTRATIVE FEE

The Authority receives an "Administrative Fee" as part of the Annual Contribution Contract with HUD to cover the costs (including overhead) of administering the Section 8 program. The Authority entered into an annual agreement with Lincoln Hills Development Corporation (LHDC) whereby LHDC would administer the Section 8 Housing Choice Voucher Program in the County of Perry, Indiana, exclusive of the area in the corporate limits of the city of Tell City, Indiana. LHDC may earn up to \$50.20 per month for each unit leased during the year ended March 31, 2018, limited by the amount of non-HAP revenue received during the same period. The total amount charged to expense under this agreement during the year ended March 31, 2018 was \$54,462 which is included as part of "Administrative" expense in the Statement of Revenues, Expenses, and Changes in Net Position.

HOUSING AUTHORITY OF CANNELTON
Cannelton, Indiana

Notes to Financial Statements
(Continued)

NOTE 5 INCOME TAXES

The Authority is a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes. Management believes that the Authority has adequately addressed all relevant tax positions and that there are no unrecorded income tax liabilities.

NOTE 6 MAJOR FUNDING SOURCE

The Authority is substantially funded by Federal Awards. Management does not anticipate any material change in funding.



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- General Information
- Financial Statement
- Federal Program
- Supplemental Information

PHA Information	
PHA Code:	IN043 Fiscal Year End Date:03/31/2018
PHA Name:	Cannelton Housing Authority
Submission Type:	Audited/Non Single Audit

Supplemental Information			
ELEMENT#	DESCRIPTION	VALUE	DETAILS
*G3100-040	SAS 119 "in relation to" Opinion on the Financial Data Schedule	Fairly Stated	---
Required Supplemental Information			
*G3100-060	Are other supplemental Information Omitted? Is MD & A omitted?	No	---
*G3100-050	<i>(For PHAs reporting as a non-profit, select "No" for this element. This question should be skipped for all component unit submissions.)</i>	No	---

*mandatory field