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March 2, 2020

Board of Commissioners  
Housing Authority of Marion  
601 South Adams Street  
Marion, IN 46953

We have reviewed the audit report of the Housing Authority of Marion, which was opined upon by Aprio, LLP, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the Independent Auditors' Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of Marion, as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce, CPA  
State Examiner

**THE HOUSING AUTHORITY OF MARION**  
**MARION, INDIANA**  
**REPORT ON EXAMINATION**  
**OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**YEAR ENDED JUNE 30, 2017**

THE HOUSING AUTHORITY OF MARION

MARION, INDIANA

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
The Housing Authority of Marion  
Marion Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of The Housing Authority of Marion, Indiana as of and for the year ended June 30, 2017, and the related notes to the 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 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.

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 15 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.

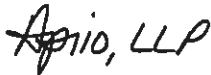
**Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. Supplementary data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for the Department of Housing and Urban Development's information, and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Financial Data Schedule and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting data 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Birmingham, Alabama  
March 26, 2018

**INDEPENDENT AUDITORS' 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  
The Housing Authority of Marion  
Marion, 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 Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be *material weaknesses*. However, *material weakness* 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Aprio, LLP*

Birmingham, Alabama  
March 26, 2018

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners  
The Housing Authority of Marion  
Marion, Indiana

### Report on Compliance for Each Major Federal Program

We have audited 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 the Authority's major federal program for the year ended June 30, 2017. The Authority's major federal program is identified in the Summary of Auditors' 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 the major federal programs. However, our audit does not provide a legal determination of Authority's compliance.

### Opinion on the Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

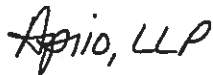
## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Birmingham, Alabama  
March 26, 2018

**THE HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2017**

The Housing Authority of the City of Marion's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased \$293,997 in 2017. Net Position was \$7,457,051 and \$7,163,054 for 2016 and 2017 respectively.
- Revenues increased \$292,247 during 2017, and were \$4,405,464 and \$4,697,711 for 2016 and 2017 respectively.
- Total expenses increased \$228,562 during 2017, and were \$4,763,146 and \$4,991,708 for 2016 and 2017 respectively.

## USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

### MD&A

~ Management's Discussion  
and Analysis ~

### Basic Financial Statements

~ Authority-wide Financial Statements ~  
~ Notes to Financial Statements ~

### Other Required Supplementary Information

~ Required Supplementary Information ~  
(Other than the MD&A)

## **Authority-Wide Financial Statements**

### **Statement of Net Position**

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

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

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

### **Statement of Revenues, Expenses, and Changes in Net Position**

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

### **Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

## **The Authority's Programs**

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – a grant program funded by the Department of Housing and Urban Development as the primary sources of funding for physical and management improvements to the Authority's properties.

Central Office Cost Center (COCC) – As part of its conversion to Asset Management, the Authority established the COCC to manage and oversee the operations of the Public Housing Developments and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

Housing Choice Vouchers Program – Under the Housing Choice Vouchers Program, the Board administers contracts with independent landlords that own the property. The Board subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Board to structure a lease that sets the participants' rent at 30% of household income.

Section 8 New Construction - The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

Business Activities - The Authority's business activities own and manage two affordable housing apartment buildings. Beckford Place Apartments has 49 units and Parkville Apartments has 49 units.

Other smaller programs are:

State and Local

Resident Opportunity Supportive Services

Resident Opportunity Supportive Services – Service Coordinators

## AUTHORITY-WIDE STATEMENTS

### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Assets:			
Current & Restricted Assets	\$ 2,214,846	\$ 1,691,147	\$ 523,699
Capital Assets	<u>7,687,901</u>	<u>7,670,211</u>	<u>17,690</u>
<b>Total Assets</b>	<b><u>\$ 9,902,747</u></b>	<b><u>\$ 9,361,358</u></b>	<b><u>\$ 541,389</u></b>
Liabilities:			
Current Liabilities	\$ 438,197	\$ 442,628	\$ (4,431)
Non Current Liabilities	<u>2,301,496</u>	<u>1,461,679</u>	<u>839,817</u>
<b>Total Liabilities</b>	<b><u>\$ 2,739,693</u></b>	<b><u>\$ 1,904,307</u></b>	<b><u>\$ 835,386</u></b>
Net Position:			
Net Investment in Capital Assets	\$ 5,438,150	\$ 6,243,402	\$ (805,252)
Restricted Net Position	35,182	35,695	(513)
Unrestricted Net Position	<u>1,689,722</u>	<u>1,177,954</u>	<u>511,768</u>
<b>Total Net Position</b>	<b><u>\$ 7,163,054</u></b>	<b><u>\$ 7,457,051</u></b>	<b><u>\$ (293,997)</u></b>

### Major Factors Affecting the Statement of Net Position

During 2017, current and restricted assets increased by \$523,699. The increase was primarily due to an increase in cash and cash equivalents as illustrated by the statement of cash flows. Capital assets increased slightly due to capital asset additions exceeding depreciation expense. Current liabilities decreased due to a decrease in accounts payable and accrued payroll offset by an increase in compensated absences and unearned revenues. Non-Current liabilities increased due to issuance of new debt offset by payments made on long-term debt.

Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**  
**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position, June 30, 2016	\$ 1,177,954
Results of Operations	(491,142)
Capital Expenditures from Operations	(506,933)
Investment Income	4,191
Transfer from (to) Restricted Net Position	513
Proceeds from issuance of Capital Debt	1,531,000
Principal and Interest on Capital Debt	(790,384)
Depreciation Expense	<u>764,523</u>
Unrestricted Net Position, June 30, 2017	<u><u>\$ 1,689,722</u></u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

**TABLE 3**

**STATEMENT OF REVENUES AND EXPENSES**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	\$ 1,507,385	\$ 1,503,002	\$ 4,383
Operating Grants	2,757,283	2,623,951	133,332
Capital Grants	275,280	140,374	134,906
Investment Income	4,191	2,613	1,578
Gain/(Loss) on Disposal of Capital Assets	-	3,250	(3,250)
Other Revenue	153,572	132,274	21,298
<b>Total Revenues</b>	<b><u>\$ 4,697,711</u></b>	<b><u>\$ 4,405,464</u></b>	<b><u>\$ 292,247</u></b>
<b>Expenses:</b>			
Administrative Expenses	\$ 1,204,382	\$ 1,123,672	\$ 80,710
Tenant Services	9,411	11,576	(2,165)
Utilities	388,131	359,984	28,147
Maintenance & Operations	625,480	579,316	46,164
Protective Services	19,524	19,627	(103)
General Expense	395,361	348,244	47,117
Housing Assistance Payments	1,502,570	1,445,378	57,192
Interest Expense	82,326	75,945	6,381
Depreciation	764,523	799,404	(34,881)
<b>Total Expenses</b>	<b><u>\$ 4,991,708</u></b>	<b><u>\$ 4,763,146</u></b>	<b><u>\$ 228,562</u></b>
<b>Excess (Deficiency) Revenues Over Expenses</b>	<b><u>\$ (293,997)</u></b>	<b><u>\$ (357,682)</u></b>	<b><u>\$ 63,685</u></b>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES**

The deficiency of revenues over expenses improved due to an increase in revenues exceeding an increase in expenses. Revenues increased due to increases in tenant rental revenue, operating grants and capital grants received. Operating grants increased due to an increase in operating funds drawn from the Capital Fund Program and housing assistance payments received in the Section 8 Housing Choice Vouchers and New Construction programs. Tenant revenues increased due to an increase in tenant income.

Expenses increased due to increases in administrative, utilities, maintenance, general and HAP expenses. Administrative costs increased due to an increase in administrative salaries. Maintenance expenses increased due to increases in materials and contract costs as the Authority prepared for REAC inspections. General expenses increased due to an increase in PILOT and bad debt expense. Housing Assistance Payments increased due to an increase in rents paid to landlords.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$7,687,901 invested in a variety of capital assets as reflected in the following schedule, which represents a slight increase from last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	<u>2017</u>	<u>2016</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 436,907	\$ 436,907	\$ -	0%
Buildings and Improvements	22,548,401	22,068,191	480,210	2%
Furniture & Equipment	919,716	892,993	26,723	3%
Construction in Process	625,577	350,297	275,280	79%
Accumulated Depreciation	<u>(16,842,700)</u>	<u>(16,078,177)</u>	<u>(764,523)</u>	<u>5%</u>
 Net Capital Assets	 <u>\$ 7,687,901</u>	 <u>\$ 7,670,211</u>	 <u>\$ 17,690</u>	 <u>0%</u>

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2016	\$ 7,670,211
 Additions	
Improvements - Capital Fund	275,280
Improvements - Operating	506,933
 Depreciation Expense	<u>(764,523)</u>
 Ending Balance, June 30, 2017	 <u>\$ 7,687,901</u>

## DEBT ADMINISTRATION

As of year-end, the Authority had \$2,249,751 in long term debt outstanding, compared to a \$1,426,809 balance in 2016. The increase is due to the issuance of new debt in the current year of \$1,531,000 offset by payments made on existing long-term debt.

TABLE 6

### OUTSTANDING LONG TERM DEBT, AT YEAR-END

	<u>2017</u>	<u>2016</u>
Capital Improvements	<u>2,249,751</u>	<u>1,426,809</u>
Total	<u>\$ 2,249,751</u>	<u>\$ 1,426,809</u>

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

## FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of Marion, Indiana, federal and state regulatory bodies with a general overview of the Marion Housing Authority's finances as of June 30, 2017. The individual to be contacted regarding this report is Leah Poland, Chief Financial Officer, at the Housing Authority of the City of Marion, 601 S. Adams Street, Marion, Indiana 46953.

THE HOUSING AUTHORITY OF MARION, INDIANA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

ASSETS AND DEFERRED  
OUTFLOWS OF RESOURCES

	<b>Enterprise Fund</b>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 1,356,847
Accounts Receivable	2,065
Tenants Accounts Receivable	16,447
Allowance for Doubtful Accounts	(1,614)
Investments	711,112
Prepaid Costs	28,614
Inventory	8,218
Total Current Assets	<u>2,121,689</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	57,975
Investments	35,182
Total Restricted Assets	<u>93,157</u>
<u>Capital Assets</u>	
Land	436,907
Buildings and Improvements	22,548,401
Furniture and Equipment	919,716
Construction in Progress	625,577
	<u>24,530,601</u>
(Less): Accumulated Depreciation	(16,842,700)
Net Capital Assets	<u>7,687,901</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,902,747</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

**LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES AND NET POSITION**

	<b>Enterprise Fund</b>
<u>Current Liabilities</u>	
Accounts Payable	\$ 53,097
Accrued Wages and Payroll Taxes	19,527
Accrued Compensated Absences	26,850
Accrued Interest Payable	5,634
A/P - Other Government	98,036
Tenant Security Deposits	117,000
Current Portion of Notes Payable	98,770
Other Current Liabilities	19,283
<b>Total Current Liabilities</b>	<b>438,197</b>
 <u>Long Term Liabilities</u>	
Notes Payable - Long-Term	2,150,981
FSS Escrows	51,552
Accrued Compensated Absences	98,963
<b>Total Long Term Liabilities</b>	<b>2,301,496</b>
<b>Total Liabilities</b>	<b>2,739,693</b>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	5,438,150
Restricted Net Position	35,182
Unrestricted Net Position	1,689,722
<b>Total Net Position</b>	<b>7,163,054</b>
 <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	 <b>\$ 9,902,747</b>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Enterprise Fund</b>
<b><u>Operating Revenues</u></b>	
Dwelling Rent	\$ 1,507,385
Operating Grants	2,757,283
Other Revenue	153,572
Total Operating Revenues	<u>4,418,240</u>
<b><u>Operating Expenses</u></b>	
Administrative	1,205,678
Tenant Services	9,411
Utilities	388,131
Maintenance and Operations	625,480
Protective Services	19,524
General Expense	395,361
Housing Assistance Payments	1,501,274
Depreciation	764,523
Total Operating Expenses	<u>4,909,382</u>
Operating Income (Loss)	<u>(491,142)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Investment Income	4,191
Interest Expense	<u>(82,326)</u>
Total Non-Operating Revenues (Expenses)	<u>(78,135)</u>
Increase (Decrease) in Net Position before Capital Contributions	<u>(569,277)</u>
Capital Contributions	<u>275,280</u>
Increase (Decrease) in Net Position	(293,997)
Net Position, Beginning	7,457,051
Net Position, Ending	<u>\$ 7,163,054</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Enterprise Fund</b>
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 1,445,175
Cash Received from Operating Grants	2,757,283
Cash Received from Other Sources	164,271
Cash Payments for Salaries & Benefits	(1,226,906)
Cash Payments to Vendors & Landlords	(2,833,024)
Net Cash flows provided (used) by Operating activities	<u>306,799</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants Received	273,280
Capital Outlay	(782,213)
Proceeds Received from Capital Debt	1,531,000
Principal and Interest Payments on Capital Debt	(789,454)
Net cash flows provided (used) by capital and related financing activities	<u>232,613</u>
<u>Cash flows from investing activities:</u>	
Cash Transfer from (to) Investments	(3,196)
Cash received from earnings on investments	4,191
Net cash flows provided (used) by investing activities	<u>995</u>
Net Increase (decrease) in cash and cash equivalents	540,407
<u>Cash and cash equivalents, beginning of year:</u>	<u>874,415</u>
<u>Cash and cash equivalents, end of year:</u>	<u>\$ 1,414,822</u>
<u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u>	
Operating Income (Loss)	\$ (491,142)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	764,523
Bad Debt Expense	56,274
Change in Accounts Receivable	(58,434)
Change in Prepaid Costs	23,168
Change in Inventory	896
Change in Accounts Payable	2,277
Change in Accrued Expenses	2,288
Change in Tenant Security Deposits	938
Change in FSS Escrow	7,468
Change in Unearned Revenues	(1,483)
Change in Other Liabilities	26
Net cash provided by (used in) operating activities	<u>\$ 306,799</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

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

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements.

FURTHER SIGNIFICANT ACCOUNTING POLICIES ARE:

Cash and Cash Equivalents

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Accounts receivables are carried at the amount considered by management to be collectible. Tenant accounts receivable are immaterial for further disclosures. Other accounts receivable consists of amounts due from HUD for Grant Income and other miscellaneous operating receivables.

Prepaid Items

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

Inventory

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Accounting Policies

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

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of revenues and expenses. Estimated useful lives are as follows:

Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 10 years

Authority management has assessed the carrying values of capital asset balances as of June 30, 2017, and as of March 26, 2018. No significant capital asset value impairments exist as of the noted dates.

Indirect Cost Recovery

Direct costs are charged to the Authority's applicable programs. The Authority charges indirect costs to its Central Office Cost Center, and charges the programs management fees based on fee rates provided by the Department of Housing and Urban Development.

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS

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

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

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other Federally insured investments.

The Housing Authority’s cash and cash equivalents consist of cash held in checking accounts totaling \$1,414,622. Investments consist of certificates of deposit totaling \$746,294. The certificates of deposit bear varying interest rates and have various maturity periods, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The remaining \$200 is held in the form of petty cash or change fund. Deposits with financial institutions are secured as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 996,295	\$ 996,295
Insured by the Public Deposit Insurance Fund (PDIF) of Indiana	1,164,621	1,094,430
Uncollateralized	-	-
	<u>\$ 2,160,916</u>	<u>\$ 2,090,725</u>

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of the end of the fiscal year as follows:

<u>Type Commitment</u>	<u>Amount</u>
Improvements	\$15,514

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE E – USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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, liabilities and deferred outflows and inflows, revenues and expenses in the financial statements. Accordingly, actual results could differ from those estimates.

### NOTE F - PENSION PLAN

The Authority participates in a defined contribution pension plan which is administered by the American United Life – One America Retirement Plan, a third party, and was adopted by the Board of Commissioners in 1979. All full-time employees are eligible for participation in the plan after six months of continuous service. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes 7% of each employee's base salary to the plan, while employees contribute 5% of their base salary to the plan. Total employer contributions to the plan for the year were \$49,509, while employees contributed \$38,879.

### NOTE G – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance.

### NOTE H – COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate a limited amount of earned but unused annual leave. Full time permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Employees can receive payments for accumulated compensated absences. Leave accrued but not yet paid as of the end of the year is shown as a liability allocated between current and non-current.

### NOTE I – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed. Balance due for operating advances and other notes are reflected in the Statement of Assets, Liabilities and Net Position by Program, but are eliminated in the Authority's Statement of Net Position. Inter-program balances at year-end consisted of the following:

Central Office Cost Center	\$ 233,124
Section 8 Housing Choice Vouchers	(233,124)
	<hr/>
	\$ -
	<hr/>

NOTE K – HUD REPAYMENT AGREEMENT

In 2011, the Authority came to an agreement with HUD that the Authority's COCC would repay the Public Housing Program and Housing Choice Vouchers \$177,790 for "improper use of federal funds". HUD asserted that federal funds had been improperly loaned from the Public Housing Program and Housing Choice Vouchers Program to the Authority's COCC (non-federal funds). The COCC may borrow non-federal funds from the Authority but not federal funds. The Authority agreed to repay the Low Rent Public Housing program and the Section 8 Housing Choice Vouchers program \$10,035 annually for a period of 17 years from non-federal funds. At June 30, 2017, the balance on the agreement was \$107,545, all of which was owed to the Public Housing Program.

NOTE L – PILOT AGREEMENT/PROPERTY TAXES

The Authority has entered into a Payment in Lieu of Taxes Agreement with the City of Marion, Indiana, whereby the Authority agrees to pay a negotiated sum in lieu of City real property taxes. As of June 30, 2017, \$57,168 remains outstanding. The Authority also has outstanding property taxes due on Beckford Place Apartments and Parkville Apartments in the amount of \$40,868.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – NOTES PAYABLE

Long-term debt at June 30, 2017, consisted of the following:

<u>Creditor and Description</u>	<u>Balance</u>
Housing Bond, Series 2006, bearing 4.30% interest at June 30, 2017, maturing January 2032, varying annual principal and interest payments of approximately \$72,000, collateralized by certain real property located in Marion, Indiana	\$ 582,039
Construction Loan payable to local financial institution, interest only payments are due monthly at a rate of 4.25%, the loan will be converted to a mortgage at the end of construction, collateralized by certain real property located in Marion, Indiana	400,000
Note payable to local financial institution, bearing 4.75% interest, maturing April 2042, annual principal and interest payments of \$66,897, collateralized by certain real property located in Marion, Indiana	968,689
Note payable to local financial institution, bearing 3.10% interest, maturing June 2027, annual principal and interest payments of \$9,938, collateralized by certain real property located in Marion, Indiana	62,653
Construction Loan payable to local financial institution, interest only payments due monthly at a rate of 3.75%, the loan will be converted to a mortgage at the end of construction, collateralized by certain real property located in Marion, Indiana	160,000
Note payable to local financial institution, bearing 8.23% interest, maturing October 2019, annual principal and interest payments of \$36,508, and a maturity date of September 1, 2019, collateralized by certain real property located in Marion, Indiana	76,370
	<u>2,249,751</u>
Less: Current Portion	<u>(98,770)</u>
Notes Payable, Non-Current	<u>\$ 2,150,981</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – NOTES PAYABLE - CONTINUED

The note is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2018	98,770	84,375	2,150,981
2019	262,924	79,092	1,888,057
2020	80,789	68,064	1,807,268
2021	71,350	65,078	1,735,918
2022	72,540	62,488	1,663,378
2023 - 2027	781,389	283,306	881,989
2028 - 2032	350,179	204,168	531,810
2033 - 2037	236,191	109,117	295,620
2038 - 2042	295,620	39,208	-
Total Payments	<u>\$ 2,249,751</u>	<u>\$ 994,896</u>	

Interest expense for the year ended June 30, 2017 was \$82,326.

NOTE N – NON-CURRENT LIABILITIES

Non-current liabilities consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Payable	1,426,809	1,531,000	708,058	2,249,751	98,770
Accrued Compensated Absences	129,571	19,760	23,518	125,813	26,850
FSS Escrows	44,084	7,468	-	51,552	-
Total Debt	<u>\$ 1,600,464</u>	<u>\$ 1,558,228</u>	<u>\$ 731,576</u>	<u>\$ 2,427,116</u>	<u>\$ 125,620</u>

NOTE O – RESTRICTED ASSETS

The Authority's restricted assets consist of the following as of June 30, 2017:

FSS Escrows	\$ 51,552
Replacement Reserves	35,182
Section 8 New Construction - Service Coordinator	543
Local Grant Funding	5,880
	<u>\$ 93,157</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – RESTRICTED NET POSITION

Restricted Net Position consist of restricted assets that do not have a related liability. The following restricted assets are included in Restricted Net Position at June 30, 2017:

Replacement Reserves	35,182
	<u>\$ 35,182</u>

NOTE Q – PROPERTY AND EQUIPMENT

A summary of Capital Assets for the Authority at June 30, 2017 is as follows:

	Low Rent Public <u>Housing</u>	Capital <u>Fund</u>	Housing Choice <u>Vouchers</u>	New <u>Construction</u>
Land	\$ 251,583	\$ -	\$ -	\$ 91,928
Building and Improvements	14,493,568	-	-	2,470,199
Furniture and Equipment	535,385	-	10,192	113,239
Construction in Process	-	625,577	-	-
Less Accumulated Depreciation	<u>(12,083,035)</u>	<u>-</u>	<u>(9,541)</u>	<u>(2,286,725)</u>
<b>Total Capital Assets</b>	<b><u>\$ 3,197,501</u></b>	<b><u>\$ 625,577</u></b>	<b><u>\$ 651</u></b>	<b><u>\$ 388,641</u></b>

	<u>State/Local</u>	Business <u>Activities</u>	Central <u>Office</u>	Total Enterprise <u>Fund</u>
Land	\$ 73,227	\$ 7,025	\$ 13,144	\$ 436,907
Building and Improvements	2,093,803	2,802,087	688,744	22,548,401
Furniture and Equipment	2,694	5,520	252,686	919,716
Construction in Process	-	-	-	625,577
Less Accumulated Depreciation	<u>(1,194,972)</u>	<u>(730,364)</u>	<u>(538,063)</u>	<u>(16,842,700)</u>
<b>Total Capital Assets</b>	<b><u>\$ 974,752</u></b>	<b><u>\$ 2,084,268</u></b>	<b><u>\$ 416,511</u></b>	<b><u>\$ 7,687,901</u></b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE Q – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	<u>Ending Balance</u>
Land	\$ 436,907	\$ -	\$ -	\$ 436,907
Construction in Progress	<u>350,297</u>	<u>275,280</u>	<u>-</u>	<u>625,577</u>
Total Assets not being Depreciated	787,204	275,280	-	1,062,484
Buildings and Improvements	22,068,191	480,210	-	22,548,401
Furniture and Equipment	<u>892,993</u>	<u>26,723</u>	<u>-</u>	<u>919,716</u>
Total Capital Assets	23,748,388	782,213	-	24,530,601
Less Accumulated Depreciation:				
Building and Improvements	(15,465,445)	(690,811)	-	(16,156,256)
Furniture and Equipment	<u>(612,732)</u>	<u>(73,712)</u>	<u>-</u>	<u>(686,444)</u>
Net Book Value	<u>\$ 7,670,211</u>	<u>\$ 17,690</u>	<u>\$ -</u>	<u>\$ 7,687,901</u>

NOTE R – COMMITMENTS AND CONTINGENCIES

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

NOTE S – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through March 26, 2018 the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

EXPENDITURES

Low Rent Public Housing Expenditures Total CFDA Number 14.850a	<u>\$ 647,493</u>
Public Housing Capital Fund Program Total CFDA Number 14.872	<u>396,532</u>
Section 8 Housing Choice Vouchers Total CFDA Number 14.871	<u>1,675,940</u>
Section 8 New Construction Total CFDA Number 14.182	<u>236,243</u>
Resident Opportunity Supportive Services - Service Coordinators Total CFDA Number 14.870	<u>29,333</u>
Resident Opportunity Supportive Services Total CFDA Number 14.896	<u>47,022</u>
TOTAL HUD EXPENDITURES	<u>3,032,563</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 3,032,563</u>

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Authority did not elect to use the 10% *De Minimus Indirect Cost Rate*.

THE HOUSING AUTHORITY OF MARION, INDIANA [IN041]  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2017

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	H/C S/R SECTION 8 PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.896	HOSS SERVICE COORDINATORS 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATION	TOTAL	
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
<b>CASH</b>												
111	CASH UNRESTRICTED	166,483	-	175	35,851	2,473	-	86,048	306,075	642,742	-	1,239,847
112	CASH - RESTRICTED - MODERNIZATION & DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
113	CASH - OTHER RESTRICTED	25,631	-	25,921	543	-	-	-	-	5,880	-	57,975
114	CASH - TENANT SECURITY DEPOSITS	59,648	-	-	24,642	-	-	9,205	22,406	1,099	-	117,000
115	CASH - RESTRICTED FOR PYMT OF CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-
100	TOTAL CASH	251,762	-	26,096	61,036	2,473	-	95,253	328,481	649,721	-	1,414,822
<b>ACCOUNTS AND NOTES RECEIVABLE</b>												
121	A/R - PBA PROJECTS	-	-	-	-	-	-	-	-	-	-	-
122	A/R - HUD OTHER PROJECTS	-	-	-	-	-	-	-	-	-	-	-
124	A/R - OTHER GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-
125	A/R - MISCELLANEOUS	2,000	-	-	-	-	-	-	-	65	-	2,065
126	A/R - TENANTS	719	-	-	1,910	-	-	5,307	8,511	-	-	16,447
126.1	ALLOWANCE FOR DOUBTFUL ACCOUNTS - TENANTS	(58)	-	-	(200)	-	-	(531)	(825)	-	-	(1,614)
126.2	ALLOWANCE FOR DOUBTFUL ACCOUNTS - OTHER	-	-	-	-	-	-	-	-	-	-	-
127	NOTES & MORTGAGES RECEIVABLE - CURRENT	-	-	-	-	-	-	-	-	-	-	-
128	FRAUD RECOVERY	-	-	-	-	-	-	-	-	-	-	-
128.1	ALLOWANCE FOR DOUBTFUL ACCOUNTS - FRAUD	-	-	-	-	-	-	-	-	-	-	-
129	ACCRUED INTEREST RECEIVABLE	-	-	-	-	-	-	-	-	-	-	-
120	TOTAL RECEIVABLES NET OF ALLOW	2,661	-	-	1,710	-	-	4,776	7,686	65	-	16,898
<b>CURRENT INVESTMENTS</b>												
131	INVESTMENTS - UNRESTRICTED	711,112	-	-	-	-	-	-	-	-	-	711,112
132	INVESTMENTS - RESTRICTED	-	-	-	35,182	-	-	-	-	-	-	35,182
135	INVESTMENTS - RESTRICTED FOR PYMT OF CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-
142	PREPAID EXPENSES AND OTHER ASSETS	8,218	-	4,737	2,582	579	-	1,432	3,340	7,726	-	28,614
143	INVENTORIES	-	-	-	-	-	-	-	-	8,218	-	8,218
143.1	ALLOWANCE FOR OBSOLETE INVENTORY	-	-	-	-	-	-	-	-	-	-	-
144	INTER PROGRAM DUE FROM	-	-	-	-	-	-	-	-	233,124	(233,124)	-
145	ASSETS HELD FOR SALE	-	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	973,753	-	30,833	100,510	3,052	-	101,461	339,507	898,854	(233,124)	2,214,846
<b>NONCURRENT ASSETS</b>												
<b>CAPITAL ASSETS</b>												
161	LAND	251,583	-	-	91,928	-	-	73,227	7,025	13,144	-	436,907
162	BUILDINGS	5,484,226	-	-	2,207,332	-	-	1,561,859	2,413,479	617,308	-	12,284,204
163	FURNITURE & EQUIPMENT - DWELLINGS	174,736	-	2,878	61,794	-	-	1,502	707	2,539	-	244,156
163	FURNITURE & EQUIPMENT - ADMINISTRATION	360,649	-	7,314	51,445	-	-	1,192	4,813	250,147	-	675,560
165	LEASEHOLD IMPROVEMENTS	9,009,342	-	-	262,867	-	-	531,944	388,608	71,436	-	10,264,197
167	CONSTRUCTION IN PROGRESS	-	625,577	-	-	-	-	-	-	-	-	625,577
168	INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-
166	ACCUMULATED DEPRECIATION	(12,083,035)	-	(9,541)	(2,286,725)	-	-	(1,194,972)	(730,364)	(538,063)	-	(16,842,700)
160	TOTAL CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	3,197,501	625,577	651	388,641	-	-	974,752	2,084,268	416,511	-	7,687,901
171	NOTES & MORTGAGES RECEIVABLE - NON-CURRENT	107,545	-	-	-	-	-	-	-	-	(107,545)	-
172	NOTES & MORTGAGES RECEIVABLE - NON-CURRENT - PAST-DUE	-	-	-	-	-	-	-	-	-	-	-
173	GRANTS RECEIVABLE - NON-CURRENT	-	-	-	-	-	-	-	-	-	-	-
174	OTHER ASSETS	-	-	-	-	-	-	-	-	-	-	-
176	INVESTMENTS IN JOINT VENTURES	-	-	-	-	-	-	-	-	-	-	-
180	TOTAL NON-CURRENT ASSETS	3,305,046	625,577	651	388,641	-	-	974,752	2,084,268	416,511	(107,545)	7,687,901
200	DEFERRED OUTFLOW OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	4,278,799	625,577	31,484	489,151	3,052	-	1,076,213	2,423,775	1,315,365	(340,669)	9,902,747
<b>LIABILITIES AND EQUITY</b>												

THE HOUSING AUTHORITY OF MARION, INDIANA [IN041]  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2017

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	W/C S/A SECTION 8 PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.896	ROSS SERVICE COORDINATORS 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATION	TOTAL
<b>CURRENT LIABILITIES</b>											
311											
312											
313											
321											
322											
324											
325											
331											
332											
333											
341											
342											
343											
344											
345											
346											
347											
348											
310											
<b>NONCURRENT LIABILITIES</b>											
351											
352											
353											
354											
355											
350											
300											
400											
508.4											
511.4											
512.4											
513											
600											
70300											
70400											
70500											
70600											
70610											
70710											
70720											
70730											
70740											
70750											
70800											
71100											
71200											
71400											
71500											
71600											
72000											
70000											

THE HOUSING AUTHORITY OF MARION, INDIANA [IN041]  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2017

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	W/C s/R SECTION 8 PROGRAMS 14.182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14.896	ROSS SERVICE COORDINATORS 14.870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATION	TOTAL
<b>EXPENSES</b>											
<b>ADMINISTRATIVE</b>											
91100 ADMINISTRATIVE SALARIES	131,657	-	49,293	93,904	39,697	29,333	10,882	16,621	326,012	-	697,399
91200 AUDITING FEES	4,905	-	1,199	2,542	-	-	609	3,919	3,102	-	16,276
91300 MANAGEMENT FEE	180,665	-	54,348	65,524	-	-	8,385	36,336	-	-	-
91310 BOOKKEEPING FEE	23,160	-	33,968	8,408	-	-	2,160	9,072	-	(345,258)	-
91400 ADVERTISING AND MARKETING	6,829	-	32	2,294	-	-	10	542	166	-	9,873
91500 EMPLOYEE BENEFIT CONTRIBUTIONS	92,393	-	16,182	39,458	7,325	-	11,535	5,176	87,582	-	259,651
91600 OFFICE EXPENSES	57,550	-	24,871	17,502	-	-	7,537	13,606	87,447	(2,928)	205,585
91700 LEGAL EXPENSE	2,178	-	7	40	-	-	149	566	754	-	3,694
91800 TRAVEL	649	-	-	72	-	-	-	1,275	23	-	2,019
91810 ALLOCATED OVERHEAD	-	-	-	-	-	-	-	-	-	-	-
91900 OTHER	3,115	-	1,844	2,019	-	-	375	1,004	2,624	-	11,181
92000 ASSET MANAGEMENT FEE	32,400	-	-	-	-	-	-	-	-	(32,400)	-
<b>TENANT SERVICES</b>											
92100 TENANT SERVICES - SALARIES	-	-	-	-	-	-	-	-	-	-	-
92200 RELOCATION COSTS	-	-	-	-	-	-	-	-	-	-	-
92300 EMPLOYEE BENEFIT CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-
92400 TENANT SERVICES - OTHER	4,251	-	-	2,024	-	-	93	-	3,043	-	9,411
<b>UTILITIES</b>											
93100 WATER	46,005	-	-	19,472	-	-	1,402	34,670	3,885	-	105,434
93200 ELECTRICITY	177,076	-	-	84,542	-	-	1,789	5,924	8,634	-	277,975
93300 GAS	-	-	-	-	-	-	1,238	533	2,951	-	4,722
93400 FUEL	-	-	-	-	-	-	-	-	-	-	-
93500 LABOR	-	-	-	-	-	-	-	-	-	-	-
93600 SEWER	-	-	-	-	-	-	-	-	-	-	-
93700 EMPLOYEE BENEFIT CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-
93800 OTHER UTILITIES EXPENSE	-	-	-	-	-	-	-	-	-	-	-
<b>ORDINARY MAINTENANCE &amp; OPERATIONS</b>											
94100 ORDINARY MAINTENANCE & OPERATIONS - LABOR	143,364	-	-	51,351	-	-	22,114	27,952	4,464	-	249,245
94200 ORDINARY MAINTENANCE & OPERATIONS - MATERIALS	61,788	-	619	18,015	-	-	7,826	34,048	6,053	-	128,349
94300 ORDINARY MAINTENANCE & OPERATIONS - CONTRACTS	124,085	-	12,006	41,612	-	-	13,061	27,657	29,465	-	247,886
94500 EMPLOYEE BENEFIT CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-
<b>PROTECTIVE SERVICES</b>											
95100 PROTECTIVE SERVICES - LABOR	-	-	-	-	-	-	-	-	-	-	-
95200 PROTECTIVE SERVICES - OTHER CONTRACT COSTS	15,620	-	-	1,952	-	-	390	1,562	-	-	19,524
95300 PROTECTIVE SERVICES - OTHER	-	-	-	-	-	-	-	-	-	-	-
95500 EMPLOYEE BENEFIT CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-	-
<b>GENERAL EXPENSES</b>											
96100 INSURANCE PREMIUMS	93,958	-	10,924	25,516	-	-	11,955	30,911	24,076	-	197,340
96200 OTHER GENERAL EXPENSES	20,481	-	225	193	-	-	52	3,477	91	-	24,519
96210 COMPENSATED ABSENCES	4,831	-	2,338	-	-	-	2,160	552	9,879	-	19,760
96300 PAYMENTS IN LIEU OF TAXES	36,905	-	-	19,821	-	-	-	39,366	1,376	-	97,468
96400 BAD DEBT - TENANT RENTS	4,939	-	2,943	2,887	-	-	2,929	1,532	-	-	15,230
96500 BAD DEBT - MORTGAGES	-	-	-	-	-	-	-	-	-	-	-
96600 BAD DEBT - OTHER	28,028	-	-	4,680	-	-	8,311	25	-	-	41,044
96700 INTEREST EXPENSE	-	-	-	-	-	-	7,392	69,717	5,217	-	82,326
96900 TOTAL OPERATING EXPENSES	1,296,832	-	210,799	503,828	47,022	29,333	122,364	366,043	607,044	(457,354)	2,725,911
97000 EXCESS OPERATING REVENUE OVER OF EXP	(59,742)	396,532	1,476,827	32,575	-	-	11,046	184,398	(69,836)	-	1,971,800
<b>EXTRAORDINARY MAINTENANCE</b>											
97100 EXTRAORDINARY MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-
97200 CASUALTY LOSSES - NON-CAPITALIZED	-	-	-	-	-	-	-	-	-	-	-
97300 HOUSING ASSISTANCE PAYMENTS	-	-	1,500,448	-	-	-	-	-	-	-	1,500,448
97350 RAP PORTABILITY-IN	-	-	826	-	-	-	-	-	-	-	826
97400 DEPRECIATION EXPENSE	542,884	-	262	77,720	-	-	40,860	80,405	22,392	-	764,523

THE HOUSING AUTHORITY OF MARION, INDIANA [IN041]  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2017

		LOW RENT	CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS	W/C s/A SECTION 8 PROGRAMS	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES	ROSS SERVICE COORDINATORS	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATION	TOTAL
		14.850a	14.872	14.871	14.182	14.896	14.870					
97500	FRAUD LOSSES	-	-	-	-	-	-	-	-	-	-	-
97600	CAPITAL OUTLAYS - GOVERNMENTAL FUNDS	-	-	-	-	-	-	-	-	-	-	-
97700	DEBT PRINCIPAL PAYMENT - GOVERNMENTAL FUNDS	-	-	-	-	-	-	-	-	-	-	-
97800	DWELLING UNITS RENT EXPENSE	-	-	-	-	-	-	-	-	-	-	-
90000	TOTAL EXPENSES	1,839,716	-	1,712,335	581,548	47,022	29,333	163,224	446,448	629,436	(457,354)	4,991,708
10010	OPERATING TRANSFER IN	121,473	-	-	-	-	-	-	-	34,644	(156,117)	-
10020	OPERATING TRANSFER OUT	(34,865)	(121,252)	-	-	-	-	-	-	-	156,117	-
10030	OPERATING TRANSFERS FROM/TO PRIMARY GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-
10091	INTER PROJECT EXCESS CASH TRANSFER IN	46,170	-	-	-	-	-	-	-	-	(46,170)	-
10092	INTER PROJECT EXCESS CASH TRANSFER OUT	(46,170)	-	-	-	-	-	-	-	-	46,170	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	86,608	(121,252)	-	-	-	-	-	-	34,644	-	-
10000	EXCESS REVENUE OVER EXPENSES	(516,018)	275,280	(24,709)	(45,145)	-	-	(29,814)	103,993	(57,584)	-	(293,997)
11020	REQUIRED ANNUAL DEBT PRINCIPAL PAYMENTS	-	-	-	-	-	-	-	-	-	-	-
11030	BEGINNING EQUITY	4,607,013	350,297	(212,219)	478,346	-	-	1,011,651	210,268	1,011,695	-	7,457,051
11040	EQUITY TRANSFERS	-	-	-	-	-	-	-	-	-	-	-
11040	PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	-
	ENDING EQUITY	4,090,995	625,577	(236,928)	433,201	-	-	981,837	314,261	954,111	-	7,163,054
11170	ADMINISTRATIVE FEE EQUITY	-	-	(228,757)	-	-	-	-	-	-	-	(228,757)
11180	HOUSING ASSISTANCE PAYMENTS EQUITY	-	-	(8,171)	-	-	-	-	-	-	-	(8,171)
11190	UNIT MONTHS AVAILABLE	3,240	-	5,652	1,176	-	-	300	1,242	-	-	11,610
11120	# UNIT MONTHS LEASED	3,088	-	4,529	1,121	-	-	260	1,194	-	-	10,192
11620	BUILDING PURCHASES	-	-	-	-	-	-	-	-	-	-	275,280
11630	FURNITURE & EQUIPMENT - DWELLING PURCHASES	-	275,280	-	-	-	-	-	-	-	-	-
11640	FURNITURE & EQUIPMENT - ADMIN PURCHASES	-	-	-	-	-	-	-	-	-	-	-
11650	LEASEHOLD IMPROVEMENTS PURCHASES	-	-	-	-	-	-	-	-	-	-	-
11660	INFRASTRUCTURE PURCHASES	-	-	-	-	-	-	-	-	-	-	-
13510	CFFP DEBT SERVICE PAYMENTS	-	-	-	-	-	-	-	-	-	-	-
13910	REPLACEMENT HOUSING FACTOR FUNDS	-	-	-	-	-	-	-	-	-	-	-

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

JUNE 30, 2017

**Section I: Summary of Auditors' Results:**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Is noncompliance that could have a material effect on the financial statements identified?  Yes  No

**FEDERAL AWARDS**

Internal control over major programs:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Type of report issued on compliance with requirements applicable to each major program: Unmodified

Are there any audit findings that are required to be reported in accordance with 2CFR Section 200.516(a) of the Uniform Guidance?  Yes  No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Low Rent Public Housing	14.850a

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

Is the auditee identified as a low-risk auditee?  Yes  No

THE HOUSING AUTHORITY OF MARION  
MARION, INDIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

JUNE 30, 2017

**Section II: Financial Statement Findings:**

**Summary Schedule of Prior Year Findings:**

None

**Current Year Findings and Questioned Costs:**

None

**Section III: Federal Award Findings and Questioned Costs**

**Summary Schedule of Prior Year Findings:**

None

**Current Year Findings and Questioned:**

None