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May 21, 2013

Board of Directors
Columbus Housing Authority
799 McClure Road
Columbus, IN 47201

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Columbus Housing Authority, as of June 30, 2008 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED JUNE 30, 2008

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Commissioners
Columbus Housing Authority
Columbus, Indiana

I have audited the accompanying financial statements of Columbus Housing Authority, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Columbus Housing Authority, as of June 30, 2008 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2008, on my consideration of the Columbus Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls 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 my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7, are not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements of the Columbus Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Columbus Housing Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Columbus Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Pamela J. Simpson". The signature is written in a cursive style with a loop at the end of the last name.

Certified Public Accountant

Decatur, Illinois
November 14, 2008

COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008

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As management of the Housing Authority of the City of Columbus ("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 June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page .

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$7,811,612. .
- The Authority's cash and investment balance at June 30, 2008 was \$1,432,078 representing an increase of \$249,355 from June 30, 2007.
- Department of Housing & Urban Development grants amounting to \$ 4,027,979 were reported as revenues, an increase of \$ 512,723 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis –for State and Local Governments*, Statement No. 37, *Basic Financial Statements-and Managements Discussion and Analysis-For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation* No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The financial statements included in this report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

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

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008**

The *statement of revenues, expenses and changes in net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave).

The basic financial statements can be found on pages 8 to 11 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12 to 21 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$7,871,612 at the close of the most recent fiscal year.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g., land, buildings, furniture, equipment and machinery), less any related debt used to acquire those assets that is still outstanding. The Authority used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Housing Authority of the City of Columbus – Net Assets
June 30, 2008

ASSETS	2008	2007	Change
Current Assets	\$1,509,149	\$1,259,981	249,168
Capital Assets (Net)	6,549,821	6,508,024	41,797
Total Assets	\$8,058,970	\$7,768,005	290,965
LIABILITIES			
Current Liabilities	\$145,795	\$117,672	28,123
Long Term Liabilities	101,563	83,193	18,370
Total Liabilities	\$247,358	\$200,865	46,493
NET ASSETS			
Investment Cap Assets	\$6,549,822	\$6,508,024	41,798
Unrestricted	940,832	1,053,757	(112,925)
Restricted	320,958	5,359	315,599
Total Net Assets	\$7,811,612	\$7,567,140	244,472

The Authority's net capital assets increased \$244,472 due in part to a lower inter-program due to/from and an increase in fixed assets during the current fiscal year.

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008**

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Housing Authority of the City of Columbus – Changes in Net Assets
For The Year Ended June 30, 2008

OPERATING REVENUE	2008	2007	Change
Tenant Rental Revenue	\$227,105	\$238,629	(\$11,524)
Tenant Revenue - Other	12,594	26,501	(13,907)
Total Operating Revenue	\$239,699	\$265,130	(\$25,431)

OPERATING EXPENSES	2008	2007	Change
Administration	\$588,896	\$582,000	\$6,896
Tenant Services	53,540	48,292	5,248
Utilities	58,288	48,103	10,185
Ordinary Maintenance & Operations	232,693	280,653	(47,959)
General	111,787	93,482	18,305
Net Operating Expenses	\$1,045,204	\$1,052,530	(\$7,325)
Operating Income (Loss)	(\$805,505)	(\$787,400)	(\$18,106)

NON-OPERATING INCOME (EXPENSES)	2008	2007	Change
HUD Grants	\$4,027,979	\$3,515,256	\$512,723
Interest on Investments	33,606	59,632	(26,026)
Other Revenue	50,369	127,108	(76,739)
Other Expense	(3,053,203)	(2,898,369)	154,834
Net Non-Operating Income	\$1,058,751	\$803,627	\$255,124
Change in Net Assets	\$253,246	\$16,227	\$237,018

NET ASSETS	2008	2007	Change
Beginning of Year	\$7,567,140	\$7,546,523	
Prior Period Adjustments	(8,774)	0	
End of Year	\$7,811,612	\$7,567,140	

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008**

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BUDGETS

The Authority is required by contractual agreements to adopt annual, appropriated budgets for funds receiving federal expenditure awards. All budgets are prepared on a basis prescribed by HUD which is materially consistent with generally accepted accounting principles. All annual appropriations lapse at year-end.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS	2008	2007
Land	\$3,360,190	\$3,360,190
Buildings	5,553,462	5,269,679
Furniture, Equipment & Machinery		
Dwellings	112,932	111,482
Administrative	169,926	175,120
Leasehold Improvements	89,371	73,772
Construction in Progress	73,052	176,015
Less Accumulated Depreciation	(2,809,112)	(2,658,235)
Net Capital Assets	\$6,549,821	\$6,508,023

FUTURE EVENTS (NEW BUSINESS)

During the next fiscal year the Columbus Housing Authority plans on tearing down one of our scattered site homes that was completely destroyed by a flood in June 08. CHA received 75% reimbursement of flood expenses from FEMA. The Columbus Housing Authority increased the Section 8 payment standard from 90% to 95%. Due to higher market rents in Columbus this will enable voucher holders to find units within their range.

Additionally, the Authority plans on using capital funds to make misc. renovations to our properties and buildings. These budgeted amounts total \$ 98,698.

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008**

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority received \$337,430 in operating subsidy for fiscal year end June 30, 2008. We have not been notified as to our subsidy eligibility for fiscal year end June 30, 2009 but estimate we will receive approximately \$364,970 in operating subsidy for fiscal year end June 30, 2009. The Authority budgeted \$144,000 in operations (1406 Operations) from the FFY 2007 capital funds and budgeted \$140,000 in operations (1406 Operations) from the FFY 2008 capital funds.

The Authority received \$ 2,232 more in operating subsidy from HA fiscal year 2008 than in 2007. In the Low Rent program the Authority closed out FYE June 30, 2008 with a \$29,115 loss, exclusive of prior year adjustments and depreciation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Columbus Housing Authority, 799 McClure Road, Columbus, Indiana 47201.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF JUNE 30, 2008**

ASSETS

CURRENT ASSETS

Cash	\$ 241,849
Accounts receivable (interfund eliminated)	42,174
Investments	847,285
Deferred charges	<u>34,897</u>

Total Current Assets \$ 1,166,205

RESTRICTED ASSETS

Cash	\$ 11,158
Investments	<u>331,786</u>

Total Restricted Assets \$ 342,944

CAPITAL ASSETS

Land, buildings and equipment	\$ 9,358,933
Less: Accumulated depreciation	<u>-2,809,112</u>

Net Capital Assets \$ 6,549,821

Total Assets \$ 8,058,970

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 93,763
Accrued liabilities	48,880
Deferred revenue	<u>3,152</u>

Total Current Liabilities \$ 145,795

NONCURRENT LIABILITIES

Accrued compensated absences	\$ 14,462
FSS escrow	<u>87,101</u>

Total Noncurrent Liabilities \$ 101,563

NET ASSETS

Invested in capital assets	\$ 6,549,822
Restricted	320,958
Unrestricted	<u>940,832</u>

Total Net Assets \$ 7,811,612

The notes to financial statements are an integral part of this statement.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2008**

Operating Income

Tenant rental revenue	\$ 227,105
Tenant revenue - other	<u>12,594</u>
 Total Rental Revenue	 <u>\$ 239,699</u>
 HUD grants	 3,807,033
Fraud recovery	3,113
Other revenue	86,633
Gain or loss on sale of capital assets	<u>-39,377</u>
 Total Operating Income	 <u>\$ 4,097,101</u>

Operating Expenses

Administration	\$ 588,896
Tenant services	53,540
Utilities	58,288
Ordinary maintenance and operation	232,693
General expense	111,787
Extraordinary maintenance	77,765
Casualty losses - non capitalized	36,595
Housing assistance payments	2,770,457
Depreciation	<u>168,386</u>
 Total Operating Expenses	 <u>\$ 4,098,407</u>
 Net Operating Income (Loss)	 <u>\$ -1,306</u>

Nonoperating Income (Expense)

Interest income	33,606
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Capital Contributions

Capital funds grants	<u>220,946</u>
 Changes in net assets	 \$ 253,246
Net assets, beginning of year	7,567,140
Prior period adjustments	<u>-8,774</u>
 Nets assets, end of year	 <u><u>\$ 7,811,612</u></u>

The notes to financial statements are an integral part of this statement.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2008**

Operating Activities

Operating grants	\$ 3,770,721
Tenant revenue	237,238
Other revenue	111,620
Housing assistance payments	-2,770,457
Payments to employees	-469,397
Payments to suppliers and contractors	<u>-669,227</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 210,498</u>

Investing Activities

Investments (purchased) redeemed	\$ -1,179,071
Interest income	<u>33,606</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -1,145,465</u>

Capital and Related Financing Activities

Capital funds grants	\$ 220,946
Disposal of fixed assets	39,377
Additions to fixed assets	<u>-249,561</u>
Total Capital and Related Financing Activities	<u>\$ 10,762</u>

Net Change in Cash \$ -924,205

Cash Balance at June 30, 2007 1,176,898

Cash Balance at June 30, 2008 (net) * \$ 252,693

* Cash	\$ 277,612
Cash overdraft	<u>-24,919</u>

Net Cash \$ 252,693

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2008**

Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities

Net operating income (loss)	\$ -1,306
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	168,386
Adjustments to net assets	-8,774
(Increase) decrease in accounts receivable	8,500
(Increase) decrease in inventory	15,779
(Increase) decrease in deferred charges	6,338
Increase (decrease) in accounts payable	3,018
Increase (decrease) in accrued liabilities	1,415
Increase (decrease) in deferred revenues	123
Increase (decrease) in other liabilities	<u>17,019</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 210,498</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies

(a) Organization -

The Columbus Housing Authority was established by the City of Columbus pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Columbus 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 evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Columbus Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounts Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- * Low Rent Public Housing
- * Housing Choice Vouchers
- * Business Activities
- * Capital Fund Program
- * Voucher - Mainstream
- * Voucher - DVP

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 2008, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Fixed Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the initial cost of a piece of equipment and/or other personal property is five hundred dollars (\$500) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charges as a capital expenditure.

Land, structures and equipment contains the following:

- 1) The total development costs incurred for each project at the end of the initial operating period,
- 2) nonexpendable equipment, and
- 3) property betterments and additions.

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	40	years
Equipment	3-7	years
Leasehold improvements	15	years

(h) Income Tax -

The Authority, organized as a non-profit corporation subsidized by the Federal government, is exempt from Federal and State income taxes.

(i) Annual Contributions/Subsidies and Other Grants -

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (j) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted to the Board for approval.
- (k) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Investments

Statutes authorize the Housing 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 \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ -19,094	\$ 22,435
Business Account	119,787	119,787
Choice Vouchers	7,303	11,659
Disaster	3,855	3,855
State & Local	<u>116,237</u>	<u>116,582</u>
Total	<u>\$ 228,088</u>	<u>\$ 274,318</u>

Similar to cash deposits, investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

Based on the three levels of risk, all of the Housing Authority's investments are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent Voucher	\$ 474,762	\$ 474,762
	<u>704,309</u>	<u>704,309</u>
Total	<u>\$ 1,179,071</u>	<u>\$ 1,179,071</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 3 - Compensated Absences

Each full-time employee is eligible for forty-eight (48) hours sick time during the calendar year, and equivalent of 6 days. Temporary and part-time employees are not eligible for sick leave benefits. During the first year of employment, new employees accrue one-half (1/2) day per month. During the first three (3) month probationary period, days are accrued but may not be taken. Unused sick leave benefits may accumulate from year to year to be used in the event of a longer term illness. However, employees are not paid for unused sick leave benefits.

Annual vacation leave is available to regular full-time employees to use at their discretion and to supplement other paid leave. Vacation leave requires advances supervisory approval. All vacation hours for the coming year are added to the employee's vacation bank on January 1.

The Columbus Housing Authority urges all employees to take their vacation leave each year as earned for the purpose of rest and relaxation; however, if business circumstances prohibit employees from using their vacation time, carryover will be permitted up to a maximum of two weeks or eighty (80) hours with approval by the Executive Director. Vacation pay will be computed based on an employee's regular wage or salary for a comparable work period. Terminating employees who comply with the advance notice requirements when resigning will be paid for vacation leave they have earned but not used.

Note 4 - Pension Plan

The Housing Authority provides pension benefits for all of its full-time employees through a 401K. The plan requires the Housing Authority and the employee to contribute 9% and 1% of covered wages, respectively, however, employees may contribute more. Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. In the current year, the total contributions were \$59,346.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 2,709
Fraud recovery	65
Accounts receivable - HUD	39,034
Accounts receivable - other	<u>366</u>
Subtotal	\$ 42,174
Interfund	<u>13,558</u>
Total	<u><u>\$ 55,732</u></u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 6 - Investments

At June 30, 2008 investments consist of the following:

<u>Low Rent</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market	\$ 5,891	\$ 5,891
Dreyfus Treasury funds	<u>468,871</u>	<u>468,871</u>
Total	<u>\$ 474,762</u>	<u>\$ 474,762</u>
 <u>Voucher</u>		
Money Market	\$ 5,163	\$ 5,163
Dreyfus Treasury funds	<u>699,146</u>	<u>699,146</u>
Total	<u>\$ 704,309</u>	<u>\$ 704,309</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 34,897</u>
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Note 8 - Fixed Assets

Balance as of June 30, 2008	\$ 6,549,821
Balance as of June 30, 2007	<u>6,508,023</u>
Net Increase (Decrease)	<u>\$ 41,798</u>

Reconciliation

Additions	\$ 249,561
Current year depreciation expense	-168,386 *
Dispositions	<u>-39,377</u>
Net Increase (Decrease)	<u>\$ 41,798</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 8 - Fixed Assets (Continued)

<u>Analysis</u>	<u>07/01/2007 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>06/30/2008 Balance</u>
Land	\$ 3,360,190	\$ 0	\$ 0	\$ 3,360,190
Buildings	5,269,679	283,783	0	5,553,462
Equipment and furniture	286,602	0	3,744	282,858
Leasehold improvements	73,772	15,599	0	89,371
Construction in progress	<u>176,015</u>	<u>0</u>	<u>102,963</u>	<u>73,052</u>
Total Assets	\$ 9,166,258	\$ 299,382	\$ 106,707	\$ 9,358,933
Accumulated depreciation	<u>-2,658,235</u>	<u>-168,386*</u>	<u>-17,509</u>	<u>-2,809,112</u>
Net Capital Assets	<u>\$ 6,508,023</u>	<u>\$ 130,996</u>	<u>\$ 89,198</u>	<u>\$ 6,549,821</u>

*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Bank overdraft	\$ 24,919
Vendors and contractors	9,038
Tenants security deposits	39,259
Accounts payable - HUD	<u>20,547</u>
Subtotal	\$ 93,763
Interfund	<u>13,558</u>
Total	<u>\$ 107,321</u>

Note 10 - Notes Payable

On August 4, 1987, the U.S. Department of Housing and Urban Development (HUD) issued notes PIH 87-212 to implement the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (PL 99-272, enacted April 7, 1986). This notice states, in part, the following:

Project debt to HUD (HUD-held notes) will be forgiven after a debt forgiveness amendment to the consolidated Annual Contributions Contract has been executed by HUD and the Public Housing Authority and after the Actual Development Cost Certificate has been included in an audit and approved.

As a part of the HUD mandated GAAP conversion and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued compensated absences	\$ 31,625
Payment in lieu of taxes	<u>17,255</u>

Total Current Portion	\$ 48,880
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Noncurrent Portion:

Accrued compensated absences	<u>14,462</u>
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Total	<u><u>\$ 63,342</u></u>
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Note 12 - Deferred Revenue

This classification consists of the following accounts:

Prepaid rents	<u><u>\$ 3,152</u></u>
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Note 13 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The administrative fee is determined by HUD on an annual basis.

Note 14 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

Note 15 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2008
(CONTINUED)**

Note 16 - Prior Period Adjustments to Surplus

Adjustment to health insurance/withholdings	\$ -388
Employer health insurance/void checks	-9,824
Set up prior year adjusting journal entries for closed program	-3,855
Void HAP checks from prior periods	<u>5,295</u>
Total	<u><u>\$ -8,774</u></u>

Note 17 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

For insured programs there has been no significant reduction in insurance coverage. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current of past three years.

Note 18 - Economic Dependency

The Housing Authority received most of its revenue (93%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2008**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing*	14.850a	C-2065	FYE 06/30/08	\$ 337,430	\$ 337,430	\$ 337,430
Housing Choice Voucher Program*	14.871	C-058VO	FYE 06/30/08	\$ 3,016,484	\$ 3,016,484	\$ 3,016,484
Public Housing Capital Funds*	14.872	C-2065	FYE 06/30/08	\$ 989,288	\$ 364,946	\$ 364,946
Voucher - Mainstream*	14.181	C-058	FYE 06/30/08	\$ 306,371	\$ 306,371	\$ 306,371
Voucher - DVP	14.DVP	C-058	FYE 06/30/08	\$ 2,748	\$ 2,748	\$ 2,748
Total Housing Assistance				<u>\$ 4,652,321</u>	<u>\$ 4,027,979</u>	<u>\$ 4,027,979</u>

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED JUNE 30, 2008**

Note 1: Expenditures to the Housing Choice Voucher Program are reported equal to revenues recognized. This method of expenditure recognition does not reconcile to the Housing Authority's financial statements, but is required by HUD.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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
Columbus Housing Authority
Columbus, Indiana

I have audited the financial statements of the governmental activities of Columbus Housing Authority as of and for the year ended June 30, 2008, which collectively comprise the Columbus Housing Authority's basic financial statements and have issued my report thereon dated November 14, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Columbus Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Columbus Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Columbus Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Columbus Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Columbus Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Columbus Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Columbus Housing Authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that we reported to management of Columbus Housing Authority, in a separate letter dated November 14, 2008.

This reported in intended solely for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Pamela J. Simpson in black ink.

Certified Public Accountant

Decatur, Illinois
November 14, 2008

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Columbus Housing Authority
Columbus, Indiana

Compliance

I have audited the compliance of Columbus Housing Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Columbus Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Columbus Housing Authority's management. My responsibility is to express an opinion on Columbus Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Columbus Housing Authority's compliance with those requirements.

In my opinion, Columbus Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

The management of Columbus Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Columbus Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Columbus Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

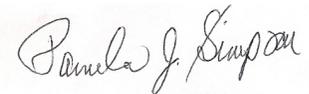
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Columbus Housing Authority in a separate letter dated November 14, 2008.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Decatur, Illinois
November 14, 2008



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2007 contained no findings.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2008**

Section I - Summary of Auditor's Results

Low Risk Auditee X yes no

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? yes X no

* Significant deficiency (ies) identified that are not
considered to be material weaknesses? yes X

Noncompliance material to financial statements noted yes X none reported

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? yes X no

* Significant deficiency (ies) identified that are not
considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with section 510(a) of Circular A-133? yes X no

Major Programs: (Threshold \$300,000)

CFDA Number(s)

Public and Indian Housing	14.850a
Housing Choice Voucher Program	14.871
Capital Funds - Voucher - Mainstream	14.181
Capital Funds	14.872

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

FINDINGS, RECOMMENDATIONS AND REPLIES

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Deborah Holt, Executive Director or the Board of Commissioners during the course of the audit or at an exit conference held November 14, 2008.

Section III - Federal Award Findings

There were no federal award audit findings discussed with Deborah Holt, Executive Director or the Board of Commissioners during the course of the audit or at an exit conference held November 14, 2008.

COLUMBUS, INDIANA

SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2008

<u>Low Rent</u>	<u>Audit</u> <u>Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting</u> <u>Account Number</u>
(1)				
Collection losses	4570	\$ 470.20		4570
Allowance for doubtful accounts	1122.018		\$ 470.20	1122.01
(To record allowance for doubtful accounts on the books)				
(2)				
Accumulated depreciation	1400.15	\$ 10,487.39		1400.15
Gain/loss on disposal	6120	38,865.11		6120
Buildings	1400.07		\$ 49,352.50	1400.07
(To remove house destroyed in flood; house is part of Dev 58-7 - scattered site)				
(3)				
Contract costs	4430	\$ 532.32		4430
Insurance	4510		\$ 532.32	4510
(To correct posting of JV5678. Workers comp premiums coded to both 4510 and 4510.020 for July through September. To reclassify)				
(4)				
Building improvements	1400.10	\$ 3,492.03		1400.10
Interfund CFP	1295.006		\$ 3,492.03	1295.006
Depreciation expense	4800	261.90		4800
Accumulated depreciation	1400.15		261.90	1400.15
(To correct depreciation per revised schedule)				
<u>Voucher</u>				
(1)				
Accounts receivable - HUD	1128	\$ 7,413.00		1128
Admin fee revenue	3410.001		\$ 7,413.00	3410.001
(To set up additional admin fee per HUD notice dated 09/30/08 for fiscal year 2008)				
(2)				
Fund balance - HAP	2810.001	\$ 34,619.00		2810.001
Fund balance admin fee	2810.002		\$ 34,619.00	2810.002
(To close profit and loss per HUD guidelines)				
<u>Capital Funds</u>				
(1)				
Accounts receivable - HUD	1125		\$ 3,492.03	1125
Interfund LR	2145.01	\$ 3,492.03		2145.01
(To correct depreciation per revised schedule)				

PAMELA J. SIMPSON, C.P.A.

**433 WEST PERSHING ROAD
DECATUR, ILLINOIS 62526
(217) 872-1908**

Board of Commissioners
Columbus Housing Authority
Columbus, Indiana

In planning and performing my audit of the financial statements of Columbus Housing Authority as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbus Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Columbus Housing Authority's internal control.

The administration of the Housing Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies and strengthen internal controls:

1. While reviewing the Housing Authority's system of internal controls, it came to my attention that not all internal control procedures being followed have been included in the written policy/procedural manual.

In addition to the current policies/procedures, I suggest that the written manual be expanded to include: (a) approval of journal entries (hard copies initialed or signed) (b) documentation of approval of payroll (payroll registers should be initialed or signed) (c) credit card use (full explanation of the purpose of travel, meals and meetings attached to supporting invoices) (d) personal use of agency assets (such as automobile, cell phone, etc) (e) reconciliation of rent rolls and HAP registers with written documentation of approval and (f) method of maintenance inventory physical inventory reconciliation and valuation methods. The written policies should also cover the extent that outside consultants are used to provide internal controls.

A more detailed written manual will aid in the training of new staff, assure management of consistency in policy application as well as accurate financial reporting.

2. During the review of your Capital Funds, it was noted that there were 5 small contracts awarded for roofing in less than 30 days all less than \$25,000, however all were issued to the same person and totaled over \$45,000 which should have required sealed bids/advertising, monitoring of wage rates, etc. In the future the Housing Authority should consider issuing one of the contracts under sealed bidding procedures.
3. During my review of Section 8 tenant files, I noted that Housing Authority was receiving confirmations late, so amounts from prior certifications were used. A uniform method should be used for anticipating all tenant revenues and allowable deductions.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the housing authority, and is not intended to be and should not be used by anyone other than these specified parties. Please feel free to contact me if you have any questions.

Handwritten signature of Pamela J. Simpson in cursive script.

Certified Public Accountant

Decatur, Illinois
November 14, 2008