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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, 2008 to June 30, 2009. 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, 2009 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, 2009

**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, 2009, 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, 2009 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 January 8, 2010, 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 materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois
January 8, 2010



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009**

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, 2009. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$ 7,767,094.
- The Authority's cash and investment balance at June 30, 2009 was \$ 1,209,465 representing a decrease of \$222,613 from June 30, 2008.
- Department of Housing & Urban Development grants amounting to \$3,903,692 were reported as revenues, a decrease of \$124,287 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.

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).

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009**

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 \$7,767,094 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, 2009

ASSETS	2009	2008	Change
Current Assets	\$1,406,719	\$1,509,149	(102,430)
Capital Assets (Net)	\$6,540,279	\$6,549,821	(9,542)
Total Assets	\$7,946,998	\$8,058,970	(111,972)
LIABILITIES			
Current Liabilities	\$121,731	\$145,795	(24,064)
Long Term Liabilities	\$58,173	\$101,563	(43,390)
Total Liabilities	\$179,904	\$247,358	(67,454)
NET ASSETS			
Investment Cap Assets	\$6,540,279	\$6,549,822	(9,543)
Unrestricted	\$1,002,225	\$940,832	61,393
Restricted	\$224,590	\$320,958	(96,368)
Total Net Assets	\$7,767,094	\$7,811,612	(44,518)

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009**

Housing Authority of the City of Columbus – Changes in Net Assets
For The Year Ended June 30, 2009

OPERATING REVENUE	2009	2008	Change
Dwelling Rental	\$234,963	\$227,105	7,858
Tenant Revenue - Other	\$28,571	\$ 12,594	15,977
Total Operating Revenue	\$263,534	\$239,699	23,835

OPERATING EXPENSES	2009	2008	Change
Administration	\$654,026	\$588,986	65,040
Tenant Services	\$42,757	\$53,540	(10,783)
Utilities	\$66,244	\$58,288	7,956
Ordinary Maintenance & Operations	\$253,497	\$232,693	20,804
General	\$82,446	\$111,787	(29,341)
Net Operating Expenses	\$1,098,970	\$1,045,204	53,766
Operating Income (Loss)	\$(835,436)	(\$805,505)	(29,931)

NON-OPERATING INCOME (EXPENSES)	2009	2008	Change
HUD Grants	\$3,903,692	\$4,027,979	(124,287)
Interest on Investments	\$7,414	\$33,606	(26,192)
Other Revenue	\$278,424	\$50,369	228,055
Other Expense	\$(3,395,286)	(\$3,053,203)	342,083
Net Non-Operating Income	\$794,244	\$1,058,751	(264,507)
Change in Net Assets	\$(41,192)	\$253,246	(294,438)

NET ASSETS	2009	2008	Change
Beginning of Year	\$7,811,612	\$7,567,140	
Prior Period Adjustments	(3,326)	(8,774)	(5,448)
End of Year	\$7,767,094	\$7,811,612	

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009**

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	2009	2008
Land	\$3,360,190	\$3,360,190
Buildings	\$5,710,891	\$5,553,462
Furniture, Equipment & Machinery		
Dwellings	\$117,607	\$112,932
Administrative	\$167,205	\$169,926
Leasehold Improvements	\$36,570	\$89,371
Construction in Progress	\$118,195	\$73,052
Less Accumulated Depreciation	\$(2,970,379)	(\$2,809,112)
Net Capital Assets	\$6,540,279	\$6,549,821

FUTURE EVENTS (NEW BUSINESS)

During the next fiscal year the Columbus Housing Authority plans on completing one of four scattered site homes that was completely destroyed by a flood in June 08. As of 6-30-2009 CHA has received \$155,725 from FEMA & insurance. CHA expects to receive additional funds from FEMA at the completion of the new construction at 2131 10th Street. The Columbus Housing Authority decreased the Section 8 payment standard to 85% effective 10-01-2009 (per HUD waiver) to offset the funding shortfall from HUD.

Additionally, the Authority plans on using capital funds to make misc. renovations to our properties and buildings. These budgeted amounts total \$111,127. The Authority also received stimulus funding (CFRG) in the amount of \$295,814 budgeted for capital improvements to CHA properties & buildings.

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority received \$362,307 in operating subsidy for fiscal year end June 30, 2009. We have not been notified as to our subsidy eligibility for fiscal year end June 30, 2010 but estimate we will receive approximately \$364,970 in operating subsidy for fiscal year end June 30, 2010. The Authority budgeted \$140,000 in operations (1406 Operations) from the FFY 2008 capital funds and budgeted \$140,000 in operations (1406 Operations) from the FFY 2009 capital funds.

The Authority received \$24,877 more in operating subsidy from HA fiscal year 2009 than in 2008. In the Low Rent program the Authority closed out FYE June 30, 2009 with a \$81,398 gain, 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, 2009**

ASSETS

CURRENT ASSETS

Cash	\$ 939,376
Accounts receivable (interfund eliminated)	159,788
Deferred charges	<u>37,465</u>

Total Current Assets \$ 1,136,629

RESTRICTED ASSETS

Cash	\$ 224,590
Investments	<u>45,500</u>

Total Restricted Assets \$ 270,090

CAPITAL ASSETS

Land, buildings and equipment	\$ 9,510,658
Less: Accumulated depreciation	<u>-2,970,379</u>

Net Capital Assets \$ 6,540,279

Total Assets \$ 7,946,998

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 68,271
Accrued liabilities	49,352
Deferred revenue	<u>4,108</u>

Total Current Liabilities \$ 121,731

NONCURRENT LIABILITIES

Accrued compensated absences	\$ 12,673
FSS escrow	<u>45,500</u>

Total Noncurrent Liabilities \$ 58,173

NET ASSETS

Invested in capital assets	\$ 6,540,279
Restricted	224,590
Unrestricted	<u>1,002,225</u>

Total Net Assets \$ 7,767,094

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, 2009**

Operating Income

Tenant rental revenue	\$ 234,963
Tenant revenue - other	<u>28,571</u>
 Total Rental Revenue	 <u>\$ 263,534</u>
 HUD grants	 3,756,563
Fraud recovery	30,630
Other revenue	<u>247,794</u>
 Total Operating Income	 <u>\$ 4,298,521</u>

Operating Expenses

Administration	\$ 654,026
Tenant services	42,757
Utilities	66,244
Ordinary maintenance and operation	253,497
General expense	82,446
Extraordinary maintenance	69,335
Casualty losses - non capitalized	127,520
Housing assistance payments	3,004,414
Depreciation	<u>194,017</u>
 Total Operating Expenses	 <u>\$ 4,494,256</u>
 Net Operating Income (Loss)	 <u>\$ -195,735</u>

Nonoperating Income (Expense)

Interest income	7,414
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Capital Contributions

Capital funds grants	<u>147,129</u>
 Changes in net assets	 \$ -41,192
Net assets, beginning of year	7,811,612
Prior period adjustments	<u>-3,326</u>
 Nets assets, end of year	 <u>\$ 7,767,094</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, 2009**

Operating Activities

Operating grants	\$ 3,658,064
Tenant revenue	264,942
Other revenue	257,265
Housing assistance payments	-3,004,414
Payments to employees	-473,172
Payments to suppliers and contractors	<u>-895,365</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -192,680</u>

Investing Activities

Investments (purchased) redeemed	\$ 1,133,571
Interest income	<u>7,414</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,140,985</u>

Capital and Related Financing Activities

Capital fund grants	\$ 147,129
Additions to fixed assets	<u>-184,161</u>
Total Capital and Related Financing Activities	<u>\$ -37,032</u>

Net Change in Cash	\$ 911,273
Cash Balance at June 30, 2008	<u>252,693</u>
Cash Balance at June 30, 2009	<u>\$ 1,163,966</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2009**

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

Net operating income (loss)	\$ -195,735
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	194,017
Adjustments to net assets	-3,326
(Increase) decrease in accounts receivable	-117,614
(Increase) decrease in deferred charges	-2,568
Increase (decrease) in accounts payable	-25,492
Increase (decrease) in accrued liabilities	-1,317
Increase (decrease) in deferred revenues	956
Increase (decrease) in other liabilities	<u>-41,601</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -192,680</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009**

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, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation, 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. This is the procedure followed in the preparation of financial statements although a formal policy has not been adopted.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 2009, 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.

(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.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(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.

(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.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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.

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	\$ 410,274	\$ 434,369
Business Account	135,376	135,376
Choice Vouchers	508,936	514,604
Disaster	3,855	3,855
State & Local	<u>105,525</u>	<u>105,525</u>
Total	<u>\$ 1,163,966</u>	<u>\$ 1,193,729</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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	\$ 20,407	\$ 20,407
Voucher	<u>25,093</u>	<u>25,093</u>
Total	<u>\$ 45,500</u>	<u>\$ 45,500</u>

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.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

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 \$62,136.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable (net)	\$ 1,301
Fraud recovery	20,954
Accounts receivable - HUD	<u>137,533</u>
Subtotal	\$ 159,788
Interfund	<u>114,822</u>
Total	<u>\$ 274,610</u>

Note 6 - Investments

At June 30, 2009 investments consist of the following:

<u>Low Rent</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market	<u>\$ 20,407</u>	<u>\$ 20,407</u>
<u>Voucher</u>		
Money Market	<u>\$ 25,093</u>	<u>\$ 25,093</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 37,465</u>
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**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

Note 8 - Fixed Assets

Balance as of June 30, 2009	\$ 6,540,279
Balance as of June 30, 2008	<u>6,549,821</u>
Net Increase (Decrease)	<u>\$ -9,542</u>

Reconciliation

Additions	\$ 184,339
Current year depreciation expense	-194,017 *
Reclassify CFP assets	-431
Accumulated depreciation adjustments	<u>567</u>
Net Increase (Decrease)	<u>\$ -9,542</u>

<u>Analysis</u>	07/01/2008 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	06/30/2009 <u>Balance</u>
Land	\$ 3,360,190	\$ 0	\$ 0	\$ 3,360,190
Buildings	5,553,462	157,429	0	5,710,891
Equipment and furniture	282,858	1,954	0	284,812
Leasehold improvements	89,371	0	52,801	36,570
Construction in progress	<u>73,052</u>	<u>147,129</u>	<u>101,986</u>	<u>118,195</u>
Total Assets	\$ 9,358,933	\$ 306,512	\$ 154,787	\$ 9,510,658
Accumulated depreciation	<u>-2,809,112</u>	<u>-194,017 *</u>	<u>-32,750</u>	<u>-2,970,379</u>
Net Capital Assets	<u>\$ 6,549,821</u>	<u>\$ 112,495</u>	<u>\$ 122,037</u>	<u>\$ 6,540,279</u>

*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 10,430
Tenants security deposits	37,294
Accounts payable - HUD	<u>20,547</u>
Subtotal	\$ 68,271
Interfund	<u>114,822</u>
Total	<u>\$ 183,093</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

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.

Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued compensated absences	\$ 31,678
Payment in lieu of taxes	<u>17,674</u>

Total Current Portion	\$ 49,352
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Noncurrent Portion:

Accrued compensated absences	<u>12,673</u>
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Total	<u><u>\$ 62,025</u></u>
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Note 12 - Deferred Revenue

This classification consists of the following accounts:

Prepaid rents	<u><u>\$ 4,108</u></u>
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**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2009
(CONTINUED)**

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.

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.

Note 16 - Prior Period Adjustments to Surplus

Adjustment for HUD receivable	\$ -3,371
Void checks from prior periods	<u>45</u>
Total	<u><u>\$ -3,326</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 or past three years.

Note 18 - Economic Dependency

The Housing Authority received most of its revenue (88%) 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, 2009**

<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 06/30/09	\$ <u>362,307</u>	\$ <u>362,307</u>	\$ <u>362,307</u>
Housing Choice Voucher Program*	14.871	C-058VO	FYE 06/30/09	\$ <u>2,934,025</u>	\$ <u>2,934,025</u>	\$ <u>2,934,025</u>
Public Housing Capital Funds	14.872	C-2065	FYE 06/30/09	\$ <u>705,590</u>	\$ <u>211,711</u>	\$ <u>211,711</u>
Voucher - Mainstream*	14.181	C-058	FYE 06/30/09	\$ <u>320,231</u>	\$ <u>320,231</u>	\$ <u>320,231</u>
Stimulus Grant	14.885	C-058	FYE 06/30/09	\$ <u>295,814</u>	\$ <u>75,418</u>	\$ <u>75,418</u>
Total Housing Assistance				\$ <u>4,617,967</u>	\$ <u>3,903,692</u>	\$ <u>3,903,692</u>

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED JUNE 30, 2009**

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, 2009, which collectively comprise the Columbus Housing Authority's basic financial statements and have issued my report thereon dated January 8, 2010. 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 January 8, 2010.

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.

A handwritten signature in black ink that reads "Pamela J. Simpson". The signature is written in a cursive style with a large initial "P".

Certified Public Accountant

Decatur, Illinois
January 8, 2010

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, 2009. 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, 2009. 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.

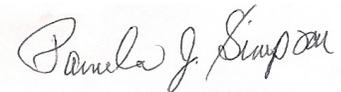
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 January 8, 2010.

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
January 8, 2010



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2008 contained no findings.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2009**

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

<u>Major Programs:</u> (Threshold \$300,000)	<u>CFDA Number(s)</u>
Public and Indian Housing	14.850a
Housing Choice Voucher Program	14.871
Voucher - Mainstream	14.181

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

FINDINGS, RECOMMENDATIONS AND REPLIES

Section II - Financial Statement Audit 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 and at an exit conference held January 8, 2010.

Section III - Federal Award Audit 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 and at an exit conference held January 8, 2010.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2009**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accounts receivable - HUD	1125		\$ 3,371.04	1125
Other HUD contributions	2803	\$ 3,371.04		2803
(To adjust HUD receivable to actual per 07/01/2008 LOCCS draws)				
 <u>Voucher</u>				
(1)				
Accounts receivable - HUD	1125	\$ 6,049.00		1125
Admin subsidy	3410.001		\$ 6,049.00	2810.002
(To record receivable for April - June final settlement per monthly HUD notices)				
(2)				
Accounts receivable - HUD	1125	\$ 13,086.00		1125
Admin subsidy	3410.001		\$ 13,086.00	3410.001
(To record calendar year 2008 final settlement - notice date 08/07/2009 received 08/27/2009)				
(3)				
HUD grant revenues	3410	\$ 55,389.00		3410
HUD admin fees - revenues	3410.001		\$ 55,389.00	3410.001
(To reclassify FSS grant to admin)				

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, 2009, 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. During my review of the FSS subsidy receipts, it was noted that the PHA had reported the subsidy as part of the HAP receipts, and included it in HAP reserve calculation. This should be reported as part of the administration equity calculation.
2. During my review of Section 8 tenant files, I noted that the anticipation of unemployment compensation had been computed three separate ways. The methods noted included (1) weekly benefit allowance WBA x 36 (more than maximum benefits to be paid), (2) maximum benefit amount and (3) WBA x 52. PHA must adopt a uniform method for anticipating this income.

3. While reviewing Section 8 FSS participant files, it was also noted that FSS calculation revisions were not done every time a new re-certification was done. As a result, one participant escrow deposit was wrong for two months.

This communication is intended solely for the information and used 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.

A handwritten signature in black ink that reads "Pamela J. Simpson". The signature is written in a cursive style and is positioned above the printed name.

Certified Public Accountant

Decatur, Illinois
January 8, 2010