



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B42232

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2009 to June 30, 2010. 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, 2010 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, 2010

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

TABLE OF CONTENTS

Auditor's Report	1
Management's Discussion and Analysis	3
FINANCIAL STATEMENTS	
Net Assets as of June 30, 2010	7
Statement of Revenue and Expenditures - Proprietary Funds and Changes in Net Assets - Twelve Months Ended June 30, 2010	8
Statement of Cash Flows - Twelve Months Ended June 30, 2010	9
Notes to Financial Statements	11
SUPPLEMENTAL DATA	
Schedule of Expenditure of Federal Awards	24
Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	25
Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	27
Status of Prior Audit Findings	29
Schedule of Findings and Questioned Costs	30
Findings, Recommendations and Replies	31
Schedule of Adjusting Journal Entries	32
Financial Data Schedule-REAC Electronic Submission	34

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, 2010, 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, 2010 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 5, 2011, 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 6, 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 5, 2011



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2010**

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, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$8,192,748.
- The Authority's cash and investment balance at June 30, 2010 was \$1,550,902 representing an increase of \$341,437 from June 30, 2009.
- Department of Housing & Urban Development grants amounting to \$4,063,826 were reported as revenues, an increase of \$160,134 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, 2010**

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 7 to 10 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 11 to 22 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 \$8,192,748 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, 2010

ASSETS	2010	2009	Change
Current Assets	\$1,749,726	\$1,406,719	343,007
Capital Assets (Net)	\$6,673,382	\$6,540,279	133,103
Total Assets	\$8,423,108	\$7,946,998	476,110
LIABILITIES			
Current Liabilities	\$151,281	\$121,731	29,550
Long Term Liabilities	\$79,079	\$58,173	20,906
Total Liabilities	\$230,360	\$179,904	50,456
NET ASSETS			
Investment Cap Assets	\$6,673,382	\$6,540,279	133,103
Unrestricted	\$949,300	\$1,002,225	(52,925)
Restricted	\$570,066	\$224,590	345,476
Total Net Assets	\$8,192,748	\$7,767,094	425,654

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2010**

Housing Authority of the City of Columbus – Changes in Net Assets
For The Year Ended June 30, 2010

OPERATING REVENUE	2010	2009	Change
Dwelling Rental	\$237,051	\$234,963	2,088
Tenant Revenue - Other	\$17,419	\$28,571	(11,152)
Total Operating Revenue	\$254,470	\$263,534	(9,064)

OPERATING EXPENSES	2010	2009	Change
Administration	\$628,327	\$654,026	(25,699)
Tenant Services	\$45,636	\$42,757	2,879
Utilities	\$59,977	\$66,244	(6,267)
Ordinary Maintenance & Operations	\$280,288	\$253,497	26,791
General	\$108,721	\$82,446	26,275
Net Operating Expenses	\$1,122,949	\$1,098,970	23,979
Operating Income (Loss)	(\$868,479)	(\$835,436)	(33,043)

NON-OPERATING INCOME (EXPENSES)	2010	2009	Change
HUD Grants	\$4,063,826	\$3,903,692	160,134
Interest on Investments	\$5,348	\$7,414	(2,066)
Other Revenue	\$149,600	\$278,424	(128,824)
Other Expense	(\$3,015,980)	(\$3,395,286)	(379,306)
Net Non-Operating Income	\$1,202,794	\$794,244	408,550
Change in Net Assets	\$334,315	(\$41,192)	375,507

NET ASSETS	2010	2009	Change
Beginning of Year	\$7,767,094	\$7,811,612	
Prior Period Adjustments	\$91,339	(\$3,326)	94,665
End of Year	\$8,192,748	\$7,767,094	

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.

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2010**

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS	2010	2009
Land	\$3,360,190	\$3,360,190
Buildings	\$6,063,248	\$5,710,891
Furniture, Equipment & Machinery		
Dwellings	\$113,455	\$117,607
Administrative	\$165,970	\$167,205
Leasehold Improvements	\$80,404	\$36,570
Construction in Progress	\$48,856	\$118,195
Less Accumulated Depreciation	(\$3,158,741)	(\$2,970,379)
Net Capital Assets	\$6,673,382	\$6,540,279

FUTURE EVENTS (NEW BUSINESS)

Additionally, the Authority plans on using capital funds to make miscellaneous renovations to our properties and buildings. These budgeted amounts total \$248,774.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority received \$357,073 in operating subsidy for fiscal year end June 30, 2010. We have not been notified as to our subsidy eligibility for fiscal year end June 30, 2011 but estimate we will receive approximately \$349,032 in operating subsidy for fiscal year end June 30, 2011. The Authority budgeted \$140,000 in operations (1406 Operations) from the FFY 2009 capital funds and budgeted \$140,000 in operations (1406 Operations) from the FFY 2010 capital funds.

The Authority received \$5,234 less in operating subsidy from HA fiscal year 2010 than in 2009. In the Low Rent program the Authority closed out FYE June 30, 2010 with a (\$37,177) 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, 2010**

ASSETS

CURRENT ASSETS

Cash	\$ 1,052,124
Accounts receivable (interfund eliminated)	162,304
Deferred charges	<u>36,520</u>

Total Current Assets \$ 1,250,948

RESTRICTED ASSETS

Cash	\$ 448,875
Investments	<u>49,903</u>

Total Restricted Assets \$ 498,778

CAPITAL ASSETS

Land, buildings and equipment	\$ 9,832,123
Less: Accumulated depreciation	<u>-3,158,741</u>

Net Capital Assets \$ 6,673,382

Total Assets \$ 8,423,108

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 78,896
Accrued liabilities	68,690
Deferred revenue	<u>3,695</u>

Total Current Liabilities \$ 151,281

NONCURRENT LIABILITIES

Accrued compensated absences	\$ 17,156
FSS escrow	<u>61,923</u>

Total Noncurrent Liabilities \$ 79,079

NET ASSETS

Invested in capital assets	\$ 6,673,382
Restricted	570,066
Unrestricted	<u>949,300</u>

Total Net Assets \$ 8,192,748

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, 2010**

Operating Income

Tenant rental revenue	\$ 237,051
Tenant revenue - other	<u>17,419</u>
 Total Rental Revenue	 \$ <u>254,470</u>
 HUD grants	 3,744,250
Fraud recovery	34,341
Other revenue	<u>115,259</u>
 Total Operating Income	 \$ <u>4,148,320</u>

Operating Expenses

Administration	\$ 628,327
Tenant services	45,636
Utilities	59,977
Ordinary maintenance and operation	280,288
General expense	108,721
Extraordinary maintenance	73,935
Casualty losses - non capitalized	95,356
Housing assistance payments	2,647,237
Depreciation	<u>199,452</u>
 Total Operating Expenses	 \$ <u>4,138,929</u>
 Net Operating Income (Loss)	 \$ 9,391

Nonoperating Income (Expense)

Interest income	5,348
-----------------	-------

Capital Contributions

Capital funds grants	<u>319,576</u>
 Changes in net assets	 \$ 334,315
Net assets, beginning of year	7,767,094
Prior period adjustments	<u>91,339</u>
 Nets assets, end of year	 \$ <u>8,192,748</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, 2010**

Operating Activities

Operating grants	\$ 3,767,782
Tenant revenue	255,170
Other revenue	149,600
Housing assistance payments	-2,647,237
Payments to employees	-472,177
Payments to suppliers and contractors	<u>-704,071</u>

Net Cash Provided (Used) by Operating Activities \$ 349,067

Investing Activities

Investments (purchased) redeemed	\$ -4,403
Interest income	<u>5,348</u>

Net Cash Provided (Used) by Investing Activities \$ 945

Capital and Related Financing Activities

Capital fund grants	\$ 319,576
Additions to fixed assets	<u>-332,555</u>

Total Capital and Related Financing Activities \$ -12,979

Net Change in Cash \$ 337,033

Cash Balance at June 30, 2009 1,163,966

Cash Balance at June 30, 2010 \$ 1,500,999

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2010**

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

Net operating income (loss)	\$ 9,391
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	199,452
Adjustments to net assets	91,339
(Increase) decrease in accounts receivable	-2,516
(Increase) decrease in deferred charges	945
Increase (decrease) in accounts payable	10,625
Increase (decrease) in accrued liabilities	23,821
Increase (decrease) in deferred revenues	-413
Increase (decrease) in other liabilities	<u>16,423</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 349,067</u>

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

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010**

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.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

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, 2010
(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
- * Capital Fund Program
- * Housing Choice Vouchers
- * State and Local
- * Business Activities
- * Supportive Housing for Persons with Disabilities
- * Formula Capital Fund Stimulus Grant
- * Disaster Voucher Program

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 practice of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one month (1) or less when purchased to be cash equivalents.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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, 2010, 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

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) Net Assets -

GASB Statement 34 requires the classification of net assets into three components as defined below:

- 1) Invested in capital assets, net of related debt - this component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues and unamortized debt expense reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2) Restricted - this component of net assets consist of constraints placed on net assets use through external constraints imposed by creditors, contributors or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(i) Income Tax -

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

(j) 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.

- (k) 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.
- (l) 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.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (m) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (n) Rental income is recognized as rents become due.
- (o) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

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 \$250,000 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, 2010
(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	\$ 433,071	\$ 460,983
Business Activities	150,966	150,966
Housing Choice Voucher	804,422	818,519
Disaster Voucher Program	3,855	3,855
State & Local	<u>108,685</u>	<u>108,685</u>
Total	<u>\$ 1,500,999</u>	<u>\$ 1,543,008</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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>
Housing Choice Voucher	<u>\$ 49,903</u>	<u>\$ 49,903</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, 2010
(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)	\$	601
Fraud recovery		43,530
Accounts receivable - HUD		114,001
Accounts receivable - miscellaneous		<u>4,172</u>
Subtotal	\$	162,304
Interfund		<u>50,782</u>
Total	\$	<u><u>213,086</u></u>

Note 6 - Investments

At June 30, 2010 investments consist of the following:

<u>Voucher</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market	<u>\$ 49,903</u>	<u>\$ 49,903</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 36,520</u>
-------------------	------------------

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 8 - Fixed Assets

Balance as of June 30, 2010	\$ 6,673,382
Balance as of June 30, 2009	<u>6,540,279</u>
Net Increase (Decrease)	<u>\$ 133,103</u>

Reconciliation

Additions	\$ 332,555
Current year depreciation expense	<u>-199,452</u> *
Net Increase (Decrease)	<u>\$ 133,103</u>

<u>Analysis</u>	<u>07/01/2009</u> <u>Balance</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>06/30/2010</u> <u>Balance</u>
Land	\$ 3,360,190	\$ 0	\$ 0	\$ 3,360,190
Buildings	5,710,891	352,357	0	6,063,248
Equipment and furniture	284,812	7,579	12,966	279,425
Leasehold improvements	36,570	43,834	0	80,404
Construction in progress	<u>118,195</u>	<u>319,576</u>	<u>388,915</u>	<u>48,856</u>
Total Assets	\$ 9,510,658	\$ 723,346	\$ 401,881	\$ 9,832,123
Accumulated depreciation	<u>-2,970,379</u>	<u>-199,452</u> *	<u>-11,090</u>	<u>-3,158,741</u>
Net Capital Assets	<u>\$ 6,540,279</u>	<u>\$ 523,894</u>	<u>\$ 390,791</u>	<u>\$ 6,673,382</u>

*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 16,134
Tenants security deposits	39,108
Accounts payable - HUD	<u>23,654</u>
Subtotal	\$ 78,896
Interfund	<u>50,782</u>
Total	<u>\$ 129,678</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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	\$ 33,468
Accrued wages and payroll taxes	16,712
Payment in lieu of taxes	<u>18,510</u>

Total Current Portion	\$ 68,690
-----------------------	-----------

Noncurrent Portion:

Accrued compensated absences	<u>17,156</u>
------------------------------	---------------

Total	<u><u>\$ 85,846</u></u>
-------	-------------------------

Note 12 - Deferred Revenue

This classification consists of the following accounts:

Prepaid rents	<u><u>\$ 3,695</u></u>
---------------	------------------------

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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 settlements	<u>\$ 91,339</u>
--------------------------------	------------------

Note 17 - Contracts/Commitments

As of June 30, 2010, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-08	\$ 233,697	\$ 233,697
CFP 501-09	251,127	188,856
Stimulus Grant 501-09	<u>295,814</u>	<u>295,814</u>
Total	<u>\$ 780,638</u>	<u>\$ 718,367</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 18 - 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 19 - Economic Dependency

The Housing Authority received most of its revenue (91%) 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, 2010**

<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 06/30/10	\$ 357,073	\$ 357,073	\$ 357,073
Housing Choice Voucher Program*	14.871	C-058VO	FYE 06/30/10	\$ 2,949,088	\$ 2,949,088	\$ 2,783,313
Public Housing Capital Funds	14.872	C-2065	FYE 06/30/10	\$ 484,824	\$ 239,180	\$ 239,180
Supportive Housing for Persons with Disabilities	14.181	C-2065	FYE 06/30/10	\$ 298,089	\$ 298,089	\$ 298,089
Disaster Voucher Program	14.DVP	C-058	FYE 06/30/10	\$ 0	\$ 0	\$ 0
Formula Capital Fund Stimulus Grant	14.885	C-058	FYE 06/30/10	\$ 295,814	\$ 220,396	\$ 220,396
Total Housing Assistance				<u>\$ 4,384,888</u>	<u>\$ 4,063,826</u>	<u>\$ 3,898,051</u>

*Denotes major program.

**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 Columbus Housing Authority as of and for the year ended June 30, 2010, and have issued my report thereon dated January 5, 2011. 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 Columbus Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Columbus Housing Authority's internal control over financial reporting.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such 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 I reported to management of Columbus Housing Authority in a separate letter dated January 5, 2011.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, and Housing and Urban Development 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 cursive script.

Certified Public Accountant

Decatur, Illinois
January 5, 2011

**Report on Compliance With Requirements That Could Have a Direct and Material Effect
on 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 Columbus Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Columbus Housing Authority's major federal programs for the year ended June 30, 2010. 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. 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 requirement 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Columbus Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, Housing and Urban Development, 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 5, 2011



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2009 contained no findings.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes X no

* Significant deficiency (ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes X no

* Significant deficiency (ies) identified? _____ 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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850a	Public and Indian Housing
14.871	Housing Choice Voucher Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**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 Director of Finance and other members of management during the course of the audit and at an exit conference held January 5, 2011.

Section III - Federal Award Audit Findings

There were no federal award audit findings discussed with Deborah Holt, Executive Director or the Director of Finance and other members of management during the course of the audit and at an exit conference held January 5, 2011.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2010**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Compensated absence expense	4593	\$ 6,977.64		4593
Accrued comp absence - short term	2134.01		\$ 2,257.34	2134.01
Admin wages comp absence	4110.001		4,720.30	4110.001
(To correct compensated absences expense for current year earned and to accrue Executive Director portion not in summary)				
<u>Voucher</u>				
(1)				
Fund balance - HAP	2810.001	\$ 14,927.35		2810.001
Fund balance admin fee	2810.002		\$ 14,927.35	2810.002
(To reclassify equity)				
(2)				
Fraud recovery	3450	\$ 1,000.00		2810.002
Fraud recovery - HUD	3450.01	1,000.00		2810.001
Fraud recovery	1121		\$ 2,000.00	1121
(To correct receivable for error on schedule)				
(3)				
Accounts payable - vendor	2111	\$ 1,356.00		2111
HAP - occupied	4715		\$ 1,356.00	4715
(To correct JV 6693 for amount on checks reissued after voiding)				
(4)				
HUD subsidy - HAP	----	\$ 8,774.00		n/a
HUD subsidy	----		\$ 8,774.00	n/a
(To reclassify subsidy received per analysis of 2009-2010 HUD notices)				
(5)				
Compensated absence expense	4593	\$ 1,591.79		4593
Accrued comp abs - short term	2134.01		\$ 1,183.18	2134.01
Admin wages comp abs	4110.001		408.61	4110.001
(To correct compensated absences expense for current year earned and to accrue Executive Director portion not in summary)				
(6)				
FSS salary	4110	\$ 10,343.02		n/a
FSS benefits	4182.01	5,106.98		n/a
Continuum of Care Grant			\$ 15,450.00	n/a
(To reclassify grant revenues and offsetting expenditures for FYE 2010 transactions)				

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2010**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(7)				
FSS escrow	2181	\$ 2,824.89		2818
FSS escrow expense	4719		\$ 2,824.89	2810
(To correct FSS escrow balance for tenant who terminated in June from program)				

Mainstream

(1)				
HUD subsidy	2810	\$ 3,293.00		2810
Accounts payable - HUD 2010	2118.01	435.00		2118.01
Accounts receivable - HUD 2009	1125.03	374.00		1125.03
Accounts receivable - HUD 2008	1125.02	2,331.00		1125.03
Accounts payable - HUD 2007	2118	16,692.00		2118
Accounts receivable - HUD 2007	1125	68,214.00		1125
Unreserved surplus	2810		\$ 91,339.00	2810
(To record year end settlement)				

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, 2010, 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. The Continium of Care Grant should be recorded as gross revenue and expenses instead of being offset in a single account.
2. When the PHA calculates the accrued compensated absence, the current liability should be equal to the amount estimated to be used in the next 12 months, and the expense should be number of hours earned in current year times the rate of pay in year.

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 with a large initial 'P' and 'S'.

Certified Public Accountant

Decatur, Illinois
January 5, 2011