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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, 2010 to June 30, 2011. 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, 2011 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, 2011

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Columbus Housing Authority
Columbus, Indiana

I have audited the accompanying financial statements of the Columbus Housing Authority, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Columbus Housing Authority's management. My responsibility is to express opinions on these 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 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 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, 2011 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2011 on my consideration of the Columbus Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements with other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial systems. I do not express an opinion or provide any assurance on the information because the limited procedure do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Housing Authority's basic financial statements. The 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 also not a required part of the basic 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 has been subjected to the auditing procedures and certain other additional procedures in accordance with auditing standards generally accepted in the United States of America . In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbus Housing Authority's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, I do not express an opinion or provide any assurance on it.

Decatur, Illinois
November 30, 2011



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2011**

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, 2011. 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 \$8,238,980.
- The Authority's cash and investment balance at June 30, 2011 was \$ 1,811,271 representing an increase of \$ 260,369 from June 30, 2010.
- Department of Housing & Urban Development grants amounting to \$4,082,013 were reported as revenues, an increase of \$17,501 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, 2011**

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$8,238,980 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, 2011

ASSETS	2011	2010	Change
Current Assets	\$1,903,941	\$1,749,726	149,202
Capital Assets (Net)	\$6,594,628	\$6,673,382	(76,360)
Total Assets	\$8,498,569	\$8,423,108	72,842
LIABILITIES			
Current Liabilities	\$171,369	\$151,281	(28,412)
Long Term Liabilities	\$ 88,220	\$79,079	38,664
Total Liabilities	\$259,589	\$230,360	10,252
NET ASSETS			
Investment Cap Assets	\$6,594,628	\$6,673,382	(76,360)
Unrestricted	\$ 837,566	\$949,300	(96,999)
Restricted	\$ 806,786	\$570,066	235,949
Total Net Assets	\$8,238,980	\$8,192,748	62,590

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2011**

Housing Authority of the City of Columbus – Changes in Net Assets
For The Year Ended June 30, 2011

OPERATING REVENUE	2011	2010	Change
Dwelling Rental	\$216,665	\$237,051	(20,386)
Tenant Revenue - Other	\$32,223	\$ 17,419	14,804
Total Operating Revenue	\$248,888	\$254,470	(5,582)

OPERATING EXPENSES	2011	2010	Change
Administration	\$631,723	\$628,327	(11,883)
Tenant Services	\$649	\$45,636	(44,987)
Utilities	\$67,688	\$59,977	7,711
Ordinary Maintenance & Operations	\$291,290	\$280,288	7,510
General	\$127,928	\$108,721	20,429
Net Operating Expenses	\$1,119,278	\$1,122,949	(21,220)
Operating Income (Loss)	\$(870,390)	(\$868,479)	15,638

NON-OPERATING INCOME (EXPENSES)	2011	2010	Change
HUD Grants	\$4,082,013	\$4,063,826	17,501
Interest on Investments	\$542	\$5,348	(4,806)
Other Revenue	\$62,948	\$149,600	(88,513)
Other Expense	\$(3,228,881)	(\$3,015,980)	211,545
Net Non-Operating Income	\$916,622	\$1,202,794	(287,363)
Change in Net Assets	\$46,232	\$334,315	271,725

NET ASSETS	2011	2010	Change
Beginning of Year	\$8,192,748	\$7,767,094	425,654
End of Year	\$8,238,980	\$8,192,748	62,590

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2011**

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	2011	2010
Land	\$3,360,190	\$3,360,190
Buildings	\$6,218,208	\$6,063,248
Furniture, Equipment & Machinery		
Dwellings	\$119,030	\$113,455
Administrative	\$170,490	\$165,970
Leasehold Improvements	\$36,570	\$80,404
Construction in Progress	\$59,851	\$48,856
Less Accumulated Depreciation	\$(3,369,711)	(\$3,158,741)
Net Capital Assets	\$6,594,628	\$6,673,382

FUTURE EVENTS (NEW BUSINESS)

Additionally, the Authority plans on using capital funds to make misc. renovations to our properties and buildings. These budgeted amounts total \$209,3340.

**COLUMBUS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority received \$343,515 in operating subsidy for fiscal year end June 30, 2011. We have not been notified as to our subsidy eligibility for fiscal year end June 30, 2012 but estimate we will receive approximately \$316,777 in operating subsidy for fiscal year end June 30, 2012. The Authority budgeted \$140,000 in operations (1406 Operations) from the FFY 2010 capital funds and budgeted \$140,000 in operations (1406 Operations) from the FFY 2011 capital funds.

The Authority received \$ 13,558 less in operating subsidy from HA fiscal year 2011 than in 2010. In the Low Rent program the Authority closed out FYE June 30, 2011 with a \$ (29,793) 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, 2011**

ASSETS

CURRENT ASSETS

Cash	\$ 936,183
Accounts receivable (interfund eliminated)	54,860
Deferred charges	<u>37,810</u>

Total Current Assets \$ 1,028,853

RESTRICTED ASSETS

Cash	<u>\$ 875,088</u>
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Total Restricted Assets \$ 875,088

CAPITAL ASSETS

Land, buildings and equipment	\$ 9,964,339
Less: Accumulated depreciation	<u>-3,369,711</u>

Net Capital Assets \$ 6,594,628

Total Assets \$ 8,498,569

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 92,765
Accrued liabilities	73,904
Deferred revenue	<u>4,700</u>

Total Current Liabilities \$ 171,369

NONCURRENT LIABILITIES

Accrued compensated absences	\$ 19,918
FSS escrow	<u>68,302</u>

Total Noncurrent Liabilities \$ 88,220

NET ASSETS

Invested in capital assets	\$ 6,594,628
Restricted	806,786
Unrestricted	<u>837,566</u>

Total Net Assets \$ 8,238,980

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2011**

Operating Income

Tenant rental revenue	\$ 216,665
Tenant revenue - other	<u>32,223</u>
 Total Rental Revenue	 <u>\$ 248,888</u>
 HUD grants	 3,959,891
Fraud recovery	21,215
Other revenue	53,714
Gain/loss on sale of capital assets	<u>-11,981</u>
 Total Operating Income	 <u>\$ 4,271,727</u>

Operating Expenses

Administration	\$ 631,723
Tenant services	649
Utilities	67,688
Ordinary maintenance and operation	291,290
General expense	127,928
Extraordinary maintenance	79,752
Casualty losses - non capitalized	325
Housing assistance payments	2,917,863
Depreciation	<u>230,941</u>
 Total Operating Expenses	 <u>\$ 4,348,159</u>
 Net Operating Income (Loss)	 <u>\$ -76,432</u>

Nonoperating Income (Expense)

Interest income	542
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Capital Contributions

Capital funds grants	<u>122,122</u>
 Changes in net assets	 \$ 46,232
Net assets, beginning of year	<u>8,192,748</u>
 Nets assets, end of year	 <u>\$ 8,238,980</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, 2011**

Operating Activities

Operating grants	\$ 4,089,128
Tenant revenue	245,733
Other revenue	74,929
Housing assistance payments	-2,917,863
Payments to employees	-500,191
Payments to suppliers and contractors	<u>-701,844</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 289,892</u>

Investing Activities

Investments (purchased) redeemed	\$ 49,903
Interest income	<u>542</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 50,445</u>

Capital and Related Financing Activities

Capital fund grants	\$ 122,122
Additions to fixed assets	<u>-152,187</u>
Total Capital and Related Financing Activities	<u>\$ -30,065</u>

Net Change in Cash	\$ 310,272
Cash Balance at June 30, 2010	<u>1,500,999</u>
Cash Balance at June 30, 2011	<u>\$ 1,811,271</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2011**

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

Net operating income (loss)	\$ -76,432
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	230,941
(Increase) decrease in accounts receivable	107,444
(Increase) decrease in deferred charges	-1,290
Increase (decrease) in accounts payable	13,869
Increase (decrease) in accrued liabilities	7,976
Increase (decrease) in deferred revenues	1,005
Increase (decrease) in other liabilities	<u>6,379</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 289,892</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2011**

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, 2011
(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
- * 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, 2011
(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, 2011, 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, 2011
(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, 2011
(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, 2011
(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	\$ 391,492	\$ 401,821
Housing Choice Voucher	1,106,832	1,112,801
State & Local	107,990	108,018
Business Activities	165,381	165,381
Supportive Housing w/Disabilities	35,721	35,721
Disaster Voucher Program	<u>3,855</u>	<u>3,855</u>
Total	<u>\$ 1,811,271</u>	<u>\$ 1,827,597</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2011
(CONTINUED)**

Note 3 - Compensated Absences

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

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

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

Note 4 - Pension Plan

The Housing Authority provides pension benefits for all of its full-time employees through a 401K with Dyatech LLC. 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 related to \$493,012 of covered salaries and wages.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 3,874
Allowance for doubtful accounts	-118
Fraud recovery	<u>51,104</u>
Subtotal	\$ 54,860
Interfund	<u>49,390</u>
Total	<u><u>\$ 104,250</u></u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2011
(CONTINUED)**

Note 6 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ <u>37,810</u>
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Note 7 - Fixed Assets

Balance as of June 30, 2011	\$ 6,594,628
Balance as of June 30, 2010	<u>6,673,382</u>
Net Increase (Decrease)	<u>\$ -78,754</u>

Reconciliation

Additions	\$ 152,187
Current year depreciation expense	<u>-230,941</u> *
Net Increase (Decrease)	<u>\$ -78,754</u>

Analysis

	07/01/2010 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	06/30/2011 <u>Balance</u>
Land	\$ 3,360,190	\$ 0	\$ 0	\$ 3,360,190
Buildings	6,063,248	154,960	0	6,218,208
Equipment and furniture	279,425	42,047	31,952	289,520
Leasehold improvements	80,404	0	43,834	36,570
Construction in progress	<u>48,856</u>	<u>122,122</u>	<u>111,127</u>	<u>59,851</u>
Total Assets	\$ 9,832,123	\$ 319,129	\$ 186,913	\$ 9,964,339
Accumulated depreciation	<u>-3,158,741</u>	<u>-230,941</u> *	<u>-19,971</u>	<u>-3,369,711</u>
Net Capital Assets	<u>\$ 6,673,382</u>	<u>\$ 88,188</u>	<u>\$ 166,942</u>	<u>\$ 6,594,628</u>

*Current year depreciation expense recognized.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 8,411
Accrued liabilities - other	5,160
Tenants security deposits	40,304
Accounts payable - HUD	<u>38,890</u>
Subtotal	\$ 92,765
Interfund	<u>49,390</u>
Total	<u>\$ 142,155</u>

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2011
(CONTINUED)**

Note 9 - 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 10 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued compensated absences	\$ 38,729
Accrued wages and payroll taxes	19,390
Payment in lieu of taxes	<u>15,785</u>

Total Current Portion	\$ 73,904
-----------------------	-----------

Noncurrent Portion:

Accrued compensated absences	<u>19,918</u>
------------------------------	---------------

Total	<u><u>\$ 93,822</u></u>
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Note 11 - Deferred Revenue

This classification consists of the following accounts:

Prepaid rents	<u><u>\$ 4,700</u></u>
---------------	------------------------

Note 12 - 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.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2011
(CONTINUED)**

Note 13 - 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 14 - 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 15 - Contracts/Commitments

As of June 30, 2011, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-10	\$ <u>248,774</u>	\$ <u>199,851</u>

Note 16 - Risk Management

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

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

Note 17 - Economic Dependency

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

SUPPLEMENTAL DATA

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011**

<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 06/30/11	\$ 343,516	\$ 343,516	\$ 343,516
Housing Choice Voucher Program*	14.871	C-058VO	FYE 06/30/11	\$ 3,147,031	\$ 3,147,031	\$ 3,147,031
Public Housing Capital Funds	14.872	C-2065	FYE 06/30/11	\$ 499,901	\$ 262,122	\$ 262,122
Supportive Housing for Persons with Disabilities*	14.181	C-2065	FYE 06/30/11	\$ 329,344	\$ 329,344	\$ 329,344
Disaster Voucher Program	14.DVP	C-058	FYE 06/30/11	\$ 0	\$ 0	\$ 0
Total Housing Assistance				<u>\$ 4,319,792</u>	<u>\$ 4,082,013</u>	<u>\$ 4,082,013</u>

*Denotes major program.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-03**

1. The Actual Modernization Costs of Phase IN36P058501-03 are as follows:

Funds approved	\$ 231,435
Funds expended	<u>231,435</u>
Excess of Funds Approved	<u><u>0</u></u>
Funds advanced	
Grants	\$ 234,435
Funds expended	<u>231,435</u>
Excess of Funds Advanced	<u><u>0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated July 18, 2006, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-04**

1. The Actual Modernization Costs of Phase IN36P058501-04 are as follows:

Funds approved	\$ 268,028
Funds expended	<u>268,028</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 268,028
Funds expended	<u>268,028</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated September 18, 2007, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-05**

1. The Actual Modernization Costs of Phase IN36P058501-05 are as follows:

Funds approved	\$ 256,059
Funds expended	<u>256,059</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 256,059
Funds expended	<u>256,059</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated January 7, 2008, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA'S STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-06**

1. The Actual Modernization Costs of Phase IN36P058501-06 are as follows:

Funds approved	\$ 233,195
Funds expended	<u>233,195</u>
Excess of Funds Approved	<u><u>0</u></u>
Funds advanced	
Grants	\$ 233,195
Funds expended	<u>233,195</u>
Excess of Funds Advanced	<u><u>0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 5, 2009, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-07**

1. The Actual Modernization Costs of Phase IN36P058501-07 are as follows:

Funds approved	\$ 238,698
Funds expended	<u>238,698</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 238,698
Funds expended	<u>238,698</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated July 1, 2009, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-08**

1. The Actual Modernization Costs of Phase IN36P058501-08 are as follows:

Funds approved	\$ 233,697
Funds expended	<u>233,697</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 233,697
Funds expended	<u>233,697</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated June 4, 2010, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P058501-09**

1. The Actual Modernization Costs of Phase IN36P058501-09 are as follows:

Funds approved	\$ 251,127
Funds expended	<u>251,127</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 251,127
Funds expended	<u>251,127</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated June 17, 2011, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36S058501-09 - A.R.R.A.**

1. The Actual Modernization Costs of Phase IN36S058501-09 - A.R.R.A. are as follows:

Funds approved	\$	295,814
Funds expended		<u>295,814</u>
Excess of Funds Approved	\$	<u>0</u>
Funds advanced		
Grants	\$	295,814
Funds expended		<u>295,814</u>
Excess of Funds Advanced	\$	<u>0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated June 4, 2010, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.



**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, 2011, and have issued my report thereon dated November 30, 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.

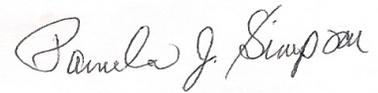
Compliance and Other Matters

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 November 30, 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.

Decatur, Illinois
November 30, 2011



Certified Public Accountant

Independent Auditor's 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, 2011. 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, 2011. 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.



Certified Public Accountant

Decatur, Illinois
November 30, 2011

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2010 contained no findings.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2011**

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
14.181	Supportive Housing for Persons with Disabilities

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 Don Wood, Director of Finance and other members of management during the course of the audit and at an exit conference held November 30, 2011.

Section III - Federal Award Audit Findings

There were no federal award audit findings discussed with Deborah Holt, Executive Director or Don Wood, Director of Finance and other members of management during the course of the audit and at an exit conference held November 30, 2011.

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2011**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Prepaid insurance	1211	\$ 1,221.61		1211
Property	4510.01	111.31		2810.512
Other insurance expense	4510.04		\$ 410.79	2810.512
Workmen's compensation	4510.021		922.13	2810.512
(To adjust prepaid insurance for premiums paid in advance and the adjustment of effective date for flood insurance premiums)				
(2)				
Accrued compensated absence	2134.01		\$ 18,050.78	2134.01
Accrued compensated absence	2134.02	\$ 17,785.08		2134.02
Admin salaries comp abs	4110.001	265.70		2810.512
(To correct compensated absence to schedule prepared by PHA)				
(3)				
Admin salaries	4110	\$ 5,685.45		2810.512
CFP admin wages	4110.01	1,786.10		2810.512
Maintenance labor	4410	3,492.16		2810.512
Accrued wages	2135		\$ 10,963.71	2135
(To set up accrued wages)				
<u>Voucher</u>				
(1)				
Accrued compensated absence	2134.01		\$ 11,840.21	2134.01
Accrued compensated absence	2134.02	\$ 12,921.17		2134.02
Admin salaries comp abs	4110.001		1,080.96	2810.002
(To correct compensated absence to schedule prepared by PHA)				
(2)				
Vendor payable	2111		\$ 1,356.00	2111
HAP - occupied	4715.010	\$ 1,356.00		2810.001
(To correct journal entry 6771 for amount already removed in prior year for HAP check that was voided and not reissued)				
(3)				
Admin salaries	4110	\$ 7,360.83		2810.512
FSS coordinator wages	4110.01	1,260.85		2810.512
Accrued wages	2135		\$ 8,621.68	2135
(To set up accrued wages)				

**COLUMBUS HOUSING AUTHORITY
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2011**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(4)				
Office furniture/equipment	1400.090		\$ 5,864.43	1400.090
Accumulated depreciation	1400	\$ 3,469.77		1400
Loss on disposal of equipment	6120	2,394.66		6120
(To write off asset #47 computers - new system purchased and installed at year end)				
(5)				
Fraud recovery	1121	\$ 4,255.17		1121
Fraud recovery income	3450		\$ 2,127.58	3450
Fraud recovery income	3450.01		2,127.59	3450.01
(To adjust current fraud recovery on general ledger)				
 <u>Mainstream</u>				
(1)				
Accounts payable - HUD	2118	\$ 686.00		2118
HUD grant - HAP	----	37.00		----
HUD grants - admin	----		\$ 723.00	----
(To adjust subsidy earned per approved year end settlement)				

Columbus Housing Authority (IN058)
COLUMBUS, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	14,181 Supportive Housing for Persons with Disabilities	14,DVP Disaster Voucher Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$205,593	\$377,039	\$107,990	\$165,361	\$35,721	\$3,855	\$895,879		\$895,879
112 Cash - Restricted - Modernization and Development	\$142,100						\$142,100		\$142,100
113 Cash - Other Restricted	\$3,195	\$729,793					\$732,988		\$732,988
114 Cash - Tenant Security Deposits	\$40,304						\$40,304		\$40,304
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$391,492	\$1,106,832	\$107,990	\$165,361	\$35,721	\$3,855	\$1,811,271	\$0	\$1,811,271
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	\$0						\$0		\$0
126 Accounts Receivable - Tenants	\$3,874						\$3,874		\$3,874
126.1 Allowance for Doubtful Accounts - Tenants	-\$118						-\$118		-\$118
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	\$77,814						\$77,814		\$77,814
128.1 Allowance for Doubtful Accounts - Fraud	-\$26,710						-\$26,710		-\$26,710
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,756	\$51,104	\$0	\$0	\$0	\$0	\$54,860	\$0	\$54,860
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$36,482	\$1,328					\$37,810		\$37,810
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	\$49,390						\$49,390	-\$49,390	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$481,120	\$1,159,264	\$107,990	\$165,361	\$35,721	\$3,855	\$1,953,331	-\$49,390	\$1,903,941
161 Land	\$3,360,190						\$3,360,190		\$3,360,190
162 Buildings	\$6,167,882	\$50,326					\$6,218,208		\$6,218,208
163 Furniture, Equipment & Machinery - Dwellings	\$119,030						\$119,030		\$119,030
164 Furniture, Equipment & Machinery - Administration	\$99,058	\$71,432					\$170,490		\$170,490
165 Leasehold Improvements	\$36,570	\$36,570					\$73,140		\$73,140
166 Accumulated Depreciation	-\$3,307,232	-\$62,479					-\$3,369,711		-\$3,369,711
167 Construction in Progress	\$59,851						\$59,851		\$59,851
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,498,779	\$95,849	\$0	\$0	\$0	\$0	\$6,594,628	\$0	\$6,594,628
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$6,498,779	\$95,849	\$0	\$0	\$0	\$0	\$6,594,628	\$0	\$6,594,628
190 Total Assets	\$6,979,899	\$1,255,113	\$107,990	\$165,361	\$35,721	\$3,855	\$8,547,959	-\$49,390	\$8,498,569

Columbus Housing Authority (IN058)
COLUMBUS, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	14,181 Supportive Housing for Persons with Disabilities	14,DVP Disaster Voucher Program	Subtotal	ELIM	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$7,046	\$1,365					\$8,411		\$8,411
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$10,768	\$8,622					\$19,390		\$19,390
322 Accrued Compensated Absences - Current Portion	\$23,966	\$14,763					\$38,729		\$38,729
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs					\$35,035	\$3,855	\$38,890		\$38,890
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$15,785						\$15,785		\$15,785
341 Tenant Security Deposits	\$40,304						\$40,304		\$40,304
342 Deferred Revenues	\$4,700						\$4,700		\$4,700
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other	\$4,567	\$573					\$5,160		\$5,160
347 Inter Program - Due To		\$49,390					\$49,390	-\$49,390	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$107,456	\$74,713	\$0	\$0	\$35,035	\$3,855	\$220,769	-\$49,390	\$171,369
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$3,195	\$65,107					\$68,302		\$68,302
354 Accrued Compensated Absences - Non Current	\$10,201	\$9,717					\$19,918		\$19,918
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$13,396	\$74,824	\$0	\$0	\$0	\$0	\$88,220	\$0	\$88,220
300 Total Liabilities	\$120,552	\$149,537	\$0	\$0	\$35,035	\$3,855	\$308,979	-\$49,390	\$259,589
508.1 Invested in Capital Assets, Net of Related Debt	\$6,498,779	\$95,849			\$0	\$0	\$6,594,628		\$6,594,628
509.2 Fund Balance Reserved									
511.2 Unreserved, Designated Fund Balance									
511.1 Restricted Net Assets	\$142,100	\$664,636			\$0	\$0	\$806,736		\$806,736
512.1 Unrestricted Net Assets	\$218,468	\$345,041	\$107,990	\$165,381	\$686	\$0	\$637,566		\$637,566
512.2 Unreserved, Undesignated Fund Balance									
513 Total Equity/Net Assets	\$6,859,347	\$1,105,576	\$107,990	\$165,381	\$686	\$0	\$8,238,980	\$0	\$8,238,980
600 Total Liabilities and Equity/Net Assets	\$6,979,899	\$1,255,113	\$107,990	\$165,381	\$35,721	\$3,855	\$8,547,959	-\$49,390	\$8,498,569

Columbus Housing Authority (IN058)
COLUMBUS, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	14,181 Supportive Housing for Persons with Disabilities	14.DVP Disaster Voucher Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$216,665						\$216,665		\$216,665
70400 Tenant Revenue - Other	\$32,223						\$32,223		\$32,223
70500 Total Tenant Revenue	\$248,888	\$0	\$0	\$0	\$0	\$0	\$248,888	\$0	\$248,888
70600 HUD PHA Operating Grants	\$483,916	\$3,147,031			\$329,344		\$3,959,891		\$3,959,891
70610 Capital Grants	\$122,122						\$122,122		\$122,122
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$357	\$67	\$13	\$20			\$457		\$457
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	\$21,215						\$21,215		\$21,215
71500 Other Revenue	\$26,383	\$5,049	\$5,903	\$16,579			\$53,714		\$53,714
71600 Gain or Loss on Sale of Capital Assets	-\$9,587	-\$2,394					-\$11,981		-\$11,981
72000 Investment Income - Restricted	\$18	\$67					\$85		\$85
70000 Total Revenue	\$871,697	\$3,171,035	\$5,916	\$16,399	\$329,344	\$0	\$4,394,391	\$0	\$4,394,391
91100 Administrative Salaries	\$173,260	\$181,367			\$21,600		\$376,227		\$376,227
91200 Auditing Fees	\$2,249	\$5,811					\$8,060		\$8,060
91300 Book-keeping Fee									
91400 Advertising and Marketing	\$5						\$5		\$5
91500 Employee Benefit Contributions - Administrative	\$56,670	\$85,131			\$9,656		\$151,457		\$151,457
91600 Office Expenses	\$12,664	\$22,767			\$14,998		\$50,419		\$50,419
91700 Legal Expense	\$102	\$408					\$510		\$510
91800 Travel		\$221					\$221		\$221
91810 Allocated Overhead									
91900 Other	\$16,872	\$19,357	\$5,611	\$1,984			\$44,824		\$44,824
91000 Total Operating - Administrative	\$261,822	\$315,062	\$6,611	\$1,984	\$46,244	\$0	\$631,723	\$0	\$631,723
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$649	\$0	\$0	\$0	\$0	\$0	\$649	\$0	\$649
92500 Total Tenant Services	\$649	\$0	\$0	\$0	\$0	\$0	\$649	\$0	\$649

Columbus Housing Authority (IN058)
COLUMBUS, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	14.181 Supportive Housing for Persons with Disabilities	14.DVP Disaster Voucher Program	Subtotal	ELIM	Total
93100 Water	\$10,189	\$283					\$10,472		\$10,472
93200 Electricity	\$49,939	\$3,173					\$52,112		\$52,112
93300 Gas	\$4,435	\$669					\$5,104		\$5,104
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93900 Total Utilities	\$63,563	\$4,125	\$0	\$0	\$0	\$0	\$67,688	\$0	\$67,688
94100 Ordinary Maintenance and Operations - Labor	\$66,467						\$66,467		\$66,467
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,461	\$4,473					\$69,934		\$69,934
94300 Ordinary Maintenance and Operations Contracts	\$99,824	\$291					\$100,115		\$100,115
94500 Employee Benefit Contributions - Ordinary Maintenance	\$34,774						\$34,774		\$34,774
94000 Total Maintenance	\$286,526	\$4,764	\$0	\$0	\$0	\$0	\$291,290	\$0	\$291,290
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$19,036						\$19,036		\$19,036
96120 Liability Insurance	\$16,565						\$16,565		\$16,565
96130 Workmen's Compensation	\$799	\$6,883					\$7,682		\$7,682
96140 All Other Insurance	\$8,365	\$1,851					\$10,216		\$10,216
96100 Total Insurance Premiums	\$44,765	\$8,734	\$0	\$0	\$0	\$0	\$53,499	\$0	\$53,499
96200 Other General Expenses		\$1,262					\$1,262		\$1,262
96210 Compensated Absences	\$25,902	\$19,618					\$45,520		\$45,520
96300 Payments in Lieu of Taxes	\$15,785						\$15,785		\$15,785
96400 Bad debt - Tenant Rents	\$10,287	\$1,575					\$11,862		\$11,862
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$51,974	\$22,465	\$0	\$0	\$0	\$0	\$74,429	\$0	\$74,429
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$709,299	\$355,140	\$6,611	\$1,984	\$46,244	\$0	\$1,119,278	\$0	\$1,119,278
97000 Excess of Operating Revenue over Operating Expenses	\$162,398	\$2,815,895	-\$695	\$14,415	\$283,100	\$0	\$3,275,113	\$0	\$3,275,113

Columbus Housing Authority (IN058)
COLUMBUS, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	14,181 Supportive Housing for Persons with Disabilities	14, DVP Disaster Voucher Program	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$79,752						\$79,752		\$79,752
97200 Casualty Losses - Non-capitalized	\$325						\$325		\$325
97300 Housing Assistance Payments	\$2,632,132	\$2,632,132			\$282,414		\$2,914,546		\$2,914,546
97350 HAP Portability-In	\$3,317	\$3,317					\$3,317		\$3,317
97400 Depreciation Expense	\$224,177	\$6,764					\$230,941		\$230,941
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense				\$1,984			\$1,984		\$1,984
90000 Total Expenses	\$1,013,553	\$2,997,353	\$6,611	\$1,984	\$328,658	\$0	\$4,348,159	\$0	\$4,348,159
10010 Operating Transfer In	\$140,000						\$140,000	-\$140,000	\$0
10020 Operating Transfer Out	-\$140,000						-\$140,000	\$140,000	\$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$141,856	\$173,682	-\$695	\$14,415	\$686	\$0	\$46,232	\$0	\$46,232
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$7,001,203	\$843,848	\$108,685	\$150,966	\$8,046	\$0	\$8,192,748		\$8,192,748
11040 Prior Period Adjustments Equity, Transfers and Correction of Errors	\$0	\$88,046			-\$88,046		\$0		\$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension, Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity		\$440,890					\$440,890		\$440,890
11180 Housing Assistance Payments Equity		\$664,686					\$664,686		\$664,686
11190 Unit Months Available	1884	6943	0	0	900	0	9732		9732
11210 Number of Unit Months Leased	1884	6955	0	0	900	0	9679		9679
11270 Excess Cash	\$133,079						\$133,079		\$133,079
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$122,122						\$122,122		\$122,122
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0



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, 2011, 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 Housing Authority's insurance policies, I noted that you carry a Fidelity Bond with \$100,000 of coverage. Based on the HUD insurance handbook calculation, you should increase the coverage to a minimum of \$125,000.
2. While reviewing the depreciation schedule, it was noted that assets that have been sold or disposed, are noted on the schedule as both "positive" and "negative" numbers. The positive number continues to be depreciated, thus inflating the expense and misstating the gain or loss on the disposal. Once an asset is disposed of, the cost of the asset and the related accumulated depreciation needs to be removed from the schedule.

3. While reviewing Fraud Recovery Receivables, it was noted that many of the individual accounts were very old and had no current activity recorded. Further review indicated that the lists provided to the fee accountant for adjusting and recording the receivable consisted of only participants that went off the program still owing funds back to the Housing Authority.

When the agency discovers fraud and enters into an agreement with a participant for repayment of previously over paid assistance, the Housing Authority should record the related receivable on the financial statements. If there is no current activity (within the past several months) it should be considered as uncollectible and written off in accordance with the Housing Authority's current policies.

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.



Certified Public Accountant

Decatur, Illinois
November 30, 2011