



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B42487

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

August 21, 2013

Board of Directors
Housing Authority of the City of Crawfordsville
220 E. Main Street
Crawfordsville, IN 47933

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 Housing Authority of the City of Crawfordsville, 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

**HOUSING AUTHORITY OF THE
CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

TWELVE MONTHS ENDED JUNE 30, 2010

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

TABLE OF CONTENTS

| | |
|--|----|
| Auditor's Report | 1 |
| Management's Discussion and Analysis | 3 |
| FINANCIAL STATEMENTS | |
| Statement of Net Assets as of June 30, 2010 | 8 |
| Statement of Revenue and Expenditures - Proprietary Funds and Changes in Net Assets - Twelve Months Ended June 30, 2010 | 9 |
| Statement of Cash Flows - Twelve Months Ended June 30, 2010 | 10 |
| Notes to Financial Statements | 12 |
| SUPPLEMENTAL DATA | |
| Schedule of Expenditure of Federal Awards | 22 |
| 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 | 23 |
| Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 | 25 |
| Schedule of Findings and Questioned Costs - Summary | 27 |
| Status of Prior Audit Findings | 28 |
| Current Findings, Recommendations and Replies | 29 |
| Schedule of Adjusting Journal Entries | 30 |
| Financial Data Schedule - REAC Electronic Submission | 31 |

Independent Auditor's Report

Board of Directors
Housing Authority of the City of Crawfordsville
Crawfordsville, Indiana

I have audited the accompanying financial statements of Housing Authority of the City of Crawfordsville, 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.

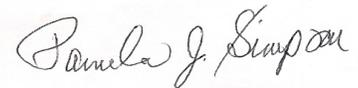
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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 Housing Authority of the City of Crawfordsville, 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 February 2, 2010, on my consideration of the Housing Authority of the City of Crawfordsville's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

My audit was conducted for the purpose of forming opinions on the financial statements of the Housing Authority of the City of Crawfordsville, 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 Housing Authority of the City of Crawfordsville. 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 Housing Authority of the City of Crawfordsville. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountant

Decatur, Illinois
February 2, 2010

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

3

FISCAL YEAR ENDING JUNE 30, 2010

Management's Discussion and Analysis

As management of the Housing Authority of the City of Crawfordsville, we offer the 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.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Crawfordsville, 220 E. Main Street, Crawfordsville, Indiana 47933, (765) 362-2407.

Overview of the Financial Statements

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

- Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Assets reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending June 30, 2011 that will significantly affect the Authority's Net Assets either positively or negatively.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FISCAL YEAR ENDING JUNE 30, 2010

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets (Statement of Net Assets)

Total Assets for FYE 2010 was \$544,388 and at FYE 2009 the amount was \$539,320. This represents a net increase of \$5,068.

Cash increased by \$26,358. Cash increased because of transfer from investments.

Other Current Assets decreased by \$19,197 or 6%. The Authority's investments decreased due to a transfer to cash.

Capital Assets decreased by \$2,093 or 1%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased \$21,233. The cause of this was a decrease in HUD payable.

Long Term Liabilities increased by \$6,649.

The table below illustrates our analysis:

| | <u>2010</u> | <u>2009</u> | <u>Variiances</u> | <u>Percentage Change</u> |
|--------------------------------|----------------|----------------|-------------------|------------------------------|
| Cash | 93,075 | 66,717 | 26,358 | 40% |
| Other Current Assets | 303,654 | 322,851 | (19,197) | -6% |
| Capital Assets | 147,659 | 149,752 | (2,093) | -1% |
| Total Assets | 544,388 | 539,320 | 5,068 | 1% |
| Current Liabilities | 14,569 | 35,802 | (21,233) | -59% |
| Long Term Liabilities | 6,649 | 0 | 6,649 | 100% |
| Total Liabilities | 21,218 | 35,802 | (14,584) | -41% |
| Net Invested in Capital Assets | 147,659 | 149,752 | (2,093) | -1% |
| Restricted Net Assets | 268,000 | 250,482 | 17,518 | 7% |
| Unrestricted Net Assets | 107,511 | 103,284 | 4,227 | 4% |
| Total Net Assets | 523,170 | 503,518 | 19,652 | 4% |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FISCAL YEAR ENDING JUNE 30, 2010

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2010 were as follows:

| <u>Program</u> | <u>Revenues Generated</u> |
|--|---------------------------|
| Housing Choice Vouchers | \$2,255,285 |
| Business Activities | \$5,632 |
| Supportive Housing for Persons with Disabilities | \$71,064 |

Total revenues for Fiscal Year Ending June 30, 2010 were \$2,331,981 as compared to the total revenues for Fiscal Year Ending June 30, 2009 of \$2,058,120. Comparatively, Fiscal Year Ending 2010 revenues exceeded Fiscal Year Ending 2009 revenues by \$273,861.

| | <u>2010</u> | <u>2009</u> | <u>Variance</u> | <u>Percentage Change</u> |
|----------------------|-------------------------|-------------------------|-----------------------|------------------------------|
| Total Tenant Revenue | 5,520 | 5,955 | (435) | -7% |
| HUD Operating Grants | 2,319,593 | 2,039,228 | 280,365 | 14% |
| Investment Income | 6,868 | 9,763 | (2,895) | -30% |
| Fraud Recovery | 0 | 2,782 | (2,782) | 100% |
| Other Revenue | 0 | 392 | (392) | 100% |
| Total Revenue | <u>2,331,981</u> | <u>2,058,120</u> | <u>273,861</u> | <u>11%</u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

6

FISCAL YEAR ENDING JUNE 30, 2010

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending June 30, 2010 were \$2,307,259 as compared to \$2,230,951 of total expenditures for Fiscal Year Ending June 30, 2009. Comparatively, Fiscal Year Ending 2010 expenditures exceeded Fiscal Year Ending 2009 expenditures by \$76,308. Changes by major expense category will be presented below.

Administrative expenditures increased by \$17,552 or 8%. This increase was due to an increase employee benefits.

Utilities decreased by \$1,789 or 44% due to normal fluctuations in rates and usage.

Maintenance expenditures decreased by \$2,813 or 44% due to less required maintenance.

Housing Assistance Payments increased by \$52,373 or 3%. The number of unit months that assistance was paid increased during 2010.

The table below illustrates our analysis:

| | <u>2010</u> | <u>2009</u> | <u>Variance</u> | <u>Percentage Change</u> |
|-----------------------------|-------------------------|-------------------------|----------------------|------------------------------|
| Administrative | 231,999 | 214,447 | 17,552 | 8% |
| Utilities | 2,258 | 4,047 | (1,789) | -44% |
| Maintenance | 3,620 | 6,433 | (2,813) | -44% |
| General and Interest | 13,726 | 2,986 | 10,740 | 360% |
| Housing Assistance Payments | 2,049,743 | 1,997,370 | 52,373 | 3% |
| Depreciation Expense | 5,913 | 5,668 | 245 | 4% |
| Total Expenses | <u><u>2,307,259</u></u> | <u><u>2,230,951</u></u> | <u><u>76,308</u></u> | <u><u>3%</u></u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

7

FISCAL YEAR ENDING JUNE 30, 2010

Budgetary Analysis

Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

Analysis of Capital Asset Activity

Buildings increased by a net amount \$832.

Furniture, Equipment & Machinery – Dwelling decreased by a net amount \$6,347.

Furniture, Equipment & Machinery – Administration decreased by a net amount \$3,757.

Accumulated Depreciation decreased by \$2,535. This is the amount of current year depreciation expense netted against dispositions.

| | 2010 | 2009 | Variance | Percentage Change |
|--|----------------|----------------|----------------|----------------------|
| Land | 22,000 | 17,356 | 4,644 | 27% |
| Buildings | 180,548 | 179,716 | 832 | 1% |
| Furniture, Equipment, & Machinery - Dwelling | 723 | 7,070 | (6,347) | -90% |
| Furniture, Equipment, & Machinery - Administrative | 27,508 | 31,265 | (3,757) | -12% |
| Leasehold Improvements | 0 | 0 | 0 | 0% |
| Total Fixed Assets | 230,779 | 235,407 | (4,628) | -2% |
| Accumulated Depreciation | 83,120 | 85,655 | (2,535) | -3% |
| Net Fixed Assets | 147,659 | 149,752 | (2,093) | -1% |

Outstanding Debt

The Housing Authority had no outstanding debt for 2009 or 2010.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF JUNE 30, 2010**

ASSETS

CURRENT ASSETS

| | |
|--|--------------|
| Cash | \$ 90,606 |
| Accounts receivable (interfund eliminated) | 3,451 |
| Accrued interest receivable | 449 |
| Investments | 27,390 |
| Deferred charges | <u>4,364</u> |

Total Current Assets \$ 126,260

RESTRICTED ASSETS

| | |
|-------------|----------------|
| Cash | \$ 2,469 |
| Investments | <u>268,000</u> |

Total Restricted Assets \$ 270,469

CAPITAL ASSETS

| | |
|--------------------------------|----------------|
| Land, buildings and equipment | \$ 230,779 |
| Less: Accumulated depreciation | <u>-83,120</u> |

Net Capital Assets \$ 147,659

Total Assets \$ 544,388

LIABILITIES

CURRENT LIABILITIES

| | |
|---|--------------|
| Accounts payable (interfund eliminated) | \$ 9,635 |
| Accrued liabilities | <u>4,934</u> |

Total Current Liabilities \$ 14,569

NONCURRENT LIABILITIES

| | |
|---------------------|--------------|
| Accrued liabilities | \$ 4,180 |
| FSS escrow | <u>2,469</u> |

Total Noncurrent Liabilities \$ 6,649

NET ASSETS

| | |
|----------------------------|----------------|
| Invested in capital assets | \$ 147,659 |
| Restricted | 268,000 |
| Unrestricted | <u>107,511</u> |

Total Net Assets \$ 523,170

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

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2010**

Operating Income

| | |
|--------------------------|---------------------|
| Tenant rental revenue | \$ <u>5,520</u> |
| Total Rental Income | \$ 5,520 |
| HUD PHA operating grants | <u>2,319,593</u> |
| Total Operating Income | <u>\$ 2,325,113</u> |

Operating Expenses

| | |
|-----------------------------|---------------------|
| Administration | \$ 231,999 |
| Utilities | 2,258 |
| Ordinary maintenance | 3,620 |
| General expense | 13,726 |
| Housing assistance payments | 2,049,743 |
| Depreciation | <u>5,913</u> |
| Total Operating Expenses | <u>\$ 2,307,259</u> |
| Net Operating Income (Loss) | <u>\$ 17,854</u> |

Nonoperating Income (Expense)

| | |
|-------------------------------------|--------------------------|
| Interest income | <u>\$ 6,868</u> |
| Total Nonoperating Income (Expense) | <u>\$ 6,868</u> |
| Changes in net assets | \$ 24,722 |
| Net assets, beginning of year | 503,518 |
| Prior period adjustments | <u>-5,070</u> |
| Net assets, end of year | <u><u>\$ 523,170</u></u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Operating Activities

| | |
|--|------------------|
| Operating grants | \$ 2,322,133 |
| Tenant revenue | 5,520 |
| Housing assistance payments | -2,049,743 |
| Payments to employees | -116,538 |
| Payments to suppliers and contractors | <u>-150,357</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 11,015</u> |

Investing Activities

| | |
|--|------------------|
| Investments (purchased) redeemed | \$ 17,517 |
| Interest income | <u>6,716</u> |
| Net Cash Provided (Used) by Investing Activities | <u>\$ 24,233</u> |

Capital and Related Financing Activities

| | |
|---|-------------------------|
| (Additions) deletions to fixed assets | <u>\$ -8,890</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>\$ -8,890</u> |
| Net Change in Cash | \$ 26,358 |
| Cash Balance at June 30, 2008 | <u>66,717</u> |
| Cash Balance at June 30, 2010 | <u><u>\$ 93,075</u></u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, 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) | \$ 17,854 |
| Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities: | |
| Depreciation | 5,913 |
| (Increase) decrease in accounts receivable | 5,437 |
| (Increase) decrease in deferred charges | -3,605 |
| Increase (decrease) in accounts payable | -26,167 |
| Increase (decrease) in accrued liabilities | 9,114 |
| Increase (decrease) in other liabilities | <u>2,469</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 11,015</u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Crawfordsville was established by the City of Crawfordsville 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 Crawfordsville and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Mayor, 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 Housing Authority of the City of Crawfordsville 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 Accounting 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.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, 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:

- * Section 8 Choice Vouchers
- * Business Activities
- * Supportive Housing for Persons with Disabilities

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 (1) month or less when purchased to be cash equivalents.

(f) Investments -

Investments are stated at cost which approximates market.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

- 1) nonexpendable equipment, and
- 2) property betterments and additions
- 3) improvements.

No depreciation has been computed for any assets in the Section 8 program.

Equity Project

Fixed assets with a value in excess of \$100 and a useful life in excess of one year or more are capitalized. Depreciation is computed on the straight-line method over the following useful lives:

| <u>Category of Assets</u> | <u>Estimated Life</u> |
|---------------------------|-----------------------|
| Building | 40 Years |
| Furniture and equipment | 10 Years |

(k) 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."

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(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 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 on an accrual basis require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(p) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disables 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.

(q) Rental income is recognized as rents become due.

® 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.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk

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

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

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

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

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

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> |
|--------------------|---------------------|---------------------|
| Supportive Housing | \$ 3,828 | \$ 3,828 |
| Voucher | 72,864 | 86,144 |
| Equity Project | <u>16,383</u> | <u>16,601</u> |
| Total | <u>\$ 93,075</u> | <u>\$ 106,573</u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, 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> |
|----------------|---------------------|---------------------|
| Voucher | <u>\$ 295,390</u> | <u>\$ 295,390</u> |

Note 3 - Defined Contribution Plan

The Housing Authority established a Simplified Employee Pension Plan (SEP) which it makes contributions to for employees. Employees who are at least 21 years old and worked in at least 3 years of the last 5 and making more than \$200 in compensation are eligible for the contribution. In the current year the Housing Authority made \$18,994 of contribution on behalf of the employees. Total annual payroll expense was \$126,580.

Note 4 - Post-Employment Benefits

The Housing Authority does not provide post employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

| | |
|---------------------------|------------------|
| Accounts receivable - HUD | <u>\$ 3,451</u> |
| Subtotal | \$ 3,451 |
| Interfund | <u>17,187</u> |
| Total | <u>\$ 20,638</u> |

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 6 - Investments

At June 30, 2010 investments consist of the following:

| | <u>Rate</u> | <u>Cost</u> | <u>Fair Value</u> |
|------------------------|-------------|-------------|-------------------|
| Certificate of Deposit | 2.03-2.67% | \$ 295,390 | \$ 295,390 |

Note 7 - Deferred Charges

This classification includes the following account:

| | |
|--------------------------|-----------------|
| Prepaid insurance | \$ 927 |
| Prepaid software support | <u>3,437</u> |
| Total | <u>\$ 4,364</u> |

Note 8 - Capital Assets

| | |
|-----------------------------|------------------|
| Balance as of June 30, 2010 | \$ 147,659 |
| Balance as of June 30, 2008 | <u>149,752</u> |
| Net Increase (Decrease) | <u>\$ -2,093</u> |

Reconciliation

| | |
|-----------------------------------|------------------|
| Additions | \$ 8,890 |
| Basis adjustment | -5,070 |
| Current year depreciation expense | <u>-5,913</u> * |
| Net Increase (Decrease) | <u>\$ -2,093</u> |

Analysis

| | <u>07/01/2008 Balance</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>06/30/2010 Balance</u> |
|--------------------------|-------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Land | \$ 17,356 | \$ 4,644 | \$ 0 | \$ 22,000 |
| Buildings | 179,716 | 832 | 0 | 180,548 |
| Equipment and furniture | <u>38,335</u> | <u>3,414</u> | <u>13,518</u> | <u>28,231</u> |
| Total Assets | \$ 235,407 | \$ 8,890 | \$ 13,518 | \$ 230,779 |
| Accumulated depreciation | <u>-85,655</u> | <u>-5,913</u> * | <u>-8,448</u> | <u>-83,120</u> |
| Net Assets | <u>\$ 149,752</u> | <u>\$ 2,977</u> | <u>\$ 5,070</u> | <u>\$ 147,659</u> |

*Current year depreciation recognized.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

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

Note 9 - Accounts Payable

This classification includes the following accounts:

| | |
|---------------------------|------------------|
| Vendor payable | \$ 5,090 |
| Tenants security deposits | 442 |
| Accounts payable - HUD | <u>4,103</u> |
| Subtotal | \$ 9,635 |
| Interfund | <u>17,187</u> |
| Total | <u>\$ 26,822</u> |

Note 10 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

| | |
|------------------------------|------------|
| Accrued compensated absences | \$ 3,937 |
| Accrued wages/payroll taxes | <u>997</u> |
| Total Current Portion | \$ 4,934 |

Noncurrent Portion:

| | |
|------------------------------|-----------------|
| Accrued compensated absences | <u>4,180</u> |
| Total | <u>\$ 9,114</u> |

Note 11 - Summary of Long Term Liabilities

A summary of long term liabilities as of June 30, 2010:

| | 07/01/2009 | | | 06/30/2010 |
|-----------------------------|----------------|-----------------|-----------------|-----------------|
| | <u>Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> |
| FSS escrow | \$ 0 | \$ 2,469 | \$ 0 | \$ 2,469 |
| Accrued compensated absence | <u>0</u> | <u>4,180</u> | <u>0</u> | <u>4,180</u> |
| Total | <u>\$ 0</u> | <u>\$ 6,649</u> | <u>\$ 0</u> | <u>\$ 6,649</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 fee is variable as determined by HUD based on prior period usage of vouchers.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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 - 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 in the current or past three years.

Note 16 - Economic Dependency

The Housing Authority received most of its revenue (99%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 17 - Adjustments Posted to Net Assets

The following adjustments were posted directly to equity balances:

| | |
|----------------------------|------------------|
| Adjusted fixed asset basis | \$ <u>-5,070</u> |
|----------------------------|------------------|

SUPPLEMENTAL DATA

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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: | | | | | | |
| Housing Choice Vouchers* | 14.871 | C-2010V | FYE 06/30/10 | \$ 2,248,529 | \$ 2,248,529 | \$ 2,224,454 |
| Supportive Housing for Persons with Disabilities | 14.181 | C-2099 | FYE 06/30/10 | \$ 71,064 | \$ 71,064 | \$ 71,064 |
| Total Housing Assistance | | | | <u>\$ 2,319,593</u> | <u>\$ 2,319,593</u> | <u>\$ 2,295,518</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
Housing Authority of the City of Crawfordsville
Crawfordsville, Indiana

I have audited the financial statements of Housing Authority of the City of Crawfordsville as of and for the year ended June 30, 2010, and have issued my report thereon dated February 1, 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 Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville in a separate letter dated February 1, 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
February 1, 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
Housing Authority of the City of Crawfordsville
Crawfordsville, Indiana

Compliance

I have audited Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville's major federal programs for the year ended June 30, 2010. Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville's management. My responsibility is to express an opinion on Housing Authority of the City of Crawfordsville's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville's compliance with those requirements.

As described in item (2010-1) in the accompanying schedule of findings and questioned costs, Housing Authority of the City of Crawfordsville did not comply with requirements regarding adequate documentation of liability and calculation of assistance payments that are applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for Housing Authority of the City of Crawfordsville to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Housing Authority of the City of Crawfordsville 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.

Internal Control Over Compliance

Management of Housing Authority of the City of Crawfordsville 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 Housing Authority of the City of Crawfordsville'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 Housing Authority of the City of Crawfordsville's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (2010-1) to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (2010-1) to be significant deficiencies.

Housing Authority of the City of Crawfordsville's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Housing Authority of the City of Crawfordsville's responses and, accordingly, I express no opinion on the responses.

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
February 1, 2011


Certified Public Accountant

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2009 contained one finding.

Finding 2009-01: SAS 12 - Internal Control Lacking

The Crawfordsville Housing Authority is required to have Internal Controls over their financial statement preparation. They lacked adequate support over the financial statement preparation and as a result many accounts were not properly reconciled or supported.. During the current fiscal year they adopted a formal internal control policy over financial statement preparation and engaged the services of an outside fee accountant to supplement the system of controls. Accounts examined were reconciled and adequately supported . This finding is considered closed.

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, 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? X yes _____ no

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

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 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? _____ yes X no

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Patricia Perkins, Executive Director and Beverly Cooper, Associate Director during the course of the audit and at an exit conference held February 1, 2011.

Section III - Federal Award Findings

There was one federal award audit finding discussed with Patricia Perkins, Executive Director during the course of the audit and at an exit conference held February 1, 2011.

Finding 2010-1: Incomplete Section 8 Participant Files

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During my current year test of participant eligibility (40 files examined) I noted incomplete documentation and incorrect calculations of HAP in twenty (20) of those files. Additionally it was noted that many files examined did not contain properly completed Section 214 declarations, copies of birth certificates or copies of social security cards for all household members

Effect: It cannot be determined if the Section 8 participants were eligible and their HAP assistance was calculated in accordance with HUD regulations.

Cause: Adequate quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant

Auditor's Recommendation: I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Admin Plan and that they are trained in the proper procedures for applying those policies and HUD regulations.

Grantee Response: The Section 8 Department is currently undergoing a staffing change. The Section 8 administrative plan will be reviewed by all staff. Additionally, it will be requested that the Board of Commissioners approve additional training for the current staff. The Housing Authority will review its current quality control procedures and more quality control checks of files will be completed by individuals not completing the participant intake paper work

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE
CRAWFORDSVILLE, 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> |
|--|---------------------------------|--------------|---------------|-----------------------------------|
| (1) | | | | |
| Admin fees earned | 3600 | \$ 661.47 | | 2806.01 |
| Annual contribution earned | 8026 | .18 | | 2806.01 |
| Accounts receivable - HUD | 1125.01 | | \$ 661.47 | 1125.02 |
| Accounts payable - HUD | 2118.02 | | .18 | 2118.02 |
| (To adjust subsidy to actual per HUD notices) | | | | |
| (2) | | | | |
| Prepaid computer support | 1290.00 | \$ 429.58 | | 1290.00 |
| Computer expense | 4190.70 | | \$ 429.58 | 2806.01 |
| (To adjust prepaid based on effective dates of software license) | | | | |
| (3) | | | | |
| Compensated absence - current | 2135.10 | \$ 926.66 | | 2135.10 |
| Compensated absence - noncurrent | 2135.11 | | \$ 642.36 | 2135.11 |
| Comp absence expense | 4110.01 | 1,482.60 | | 2806.01 |
| Admin salaries | 4110.00 | | 1,766.90 | 2806.01 |
| (To correct compensated absence per audit) | | | | |

Housing Authority of the City of Crawfordsvil (IN047)
Crawfordsville, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.181 Supportive Housing for Persons with Disabilities | Subtotal | ELIM | Total |
|---|-----------------------------------|--------------------------|--|-----------|-----------|-----------|
| 111 Cash - Unrestricted | \$70,395 | \$15,941 | \$3,828 | \$90,164 | | \$90,164 |
| 112 Cash - Restricted - Modernization and Development | | | | | | |
| 113 Cash - Other Restricted | \$2,469 | | | \$2,469 | | \$2,469 |
| 114 Cash - Tenant Security Deposits | | \$442 | | \$442 | | \$442 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$72,864 | \$16,383 | \$3,828 | \$93,075 | \$0 | \$93,075 |
| 121 Accounts Receivable - PHA Projects | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | \$3,451 | | | \$3,451 | | \$3,451 |
| 124 Accounts Receivable - Other Government | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | | |
| 126 Accounts Receivable - Tenants | | | | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | |
| 128 Fraud Recovery | \$3,634 | | | \$3,634 | | \$3,634 |
| 128.1 Allowance for Doubtful Accounts - Fraud | -\$3,634 | | | -\$3,634 | | -\$3,634 |
| 129 Accrued Interest Receivable | \$449 | | | \$449 | | \$449 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$3,900 | \$0 | \$0 | \$3,900 | \$0 | \$3,900 |
| 131 Investments - Unrestricted | \$27,390 | | | \$27,390 | | \$27,390 |
| 132 Investments - Restricted | \$268,000 | | | \$268,000 | | \$268,000 |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$4,023 | \$341 | | \$4,364 | | \$4,364 |
| 143 Inventories | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | |
| 144 Inter Program Due From | \$17,187 | | | \$17,187 | -\$17,187 | \$0 |
| 145 Assets Held for Sale | | | | | | |
| 150 Total Current Assets | \$393,364 | \$16,724 | \$3,828 | \$413,916 | -\$17,187 | \$396,729 |
| 161 Land | | \$22,000 | | \$22,000 | | \$22,000 |
| 162 Buildings | | \$180,548 | | \$180,548 | | \$180,548 |
| 163 Furniture, Equipment & Machinery - Dwellings | | \$723 | | \$723 | | \$723 |
| 164 Furniture, Equipment & Machinery - Administration | \$25,068 | \$2,440 | | \$27,508 | | \$27,508 |
| 165 Leasehold Improvements | | | | | | |
| 166 Accumulated Depreciation | -\$14,246 | -\$68,874 | | -\$83,120 | | -\$83,120 |
| 167 Construction in Progress | | | | | | |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$10,822 | \$136,837 | \$0 | \$147,659 | \$0 | \$147,659 |
| 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 | \$10,822 | \$136,837 | \$0 | \$147,659 | \$0 | \$147,659 |
| 190 Total Assets | \$404,186 | \$153,561 | \$3,828 | \$561,575 | -\$17,187 | \$544,388 |

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.181 Supportive Housing for Persons with Disabilities | Subtotal | ELIM | Total |
|---|-----------------------------------|--------------------------|--|-----------|-----------|-----------|
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | \$4,986 | \$104 | | \$5,090 | | \$5,090 |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$3,937 | | | \$3,937 | | \$3,937 |
| 322 Accrued Compensated Absences - Current Portion | \$997 | | | \$997 | | \$997 |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | \$4,103 | \$4,103 | | \$4,103 |
| 332 Account Payable - PHA Projects | | | | | | |
| 333 Accounts Payable - Other Government | | | | | | |
| 341 Tenant Security Deposits | | \$442 | | \$442 | | \$442 |
| 342 Deferred Revenues | | | | | | |
| 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 | | | | | | |
| 347 Inter Program - Due To | | \$17,187 | | \$17,187 | -\$17,187 | \$0 |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$9,920 | \$17,733 | \$4,103 | \$31,756 | -\$17,187 | \$14,569 |
| 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 | \$2,469 | | | \$2,469 | | \$2,469 |
| 354 Accrued Compensated Absences - Non Current | \$4,180 | | | \$4,180 | | \$4,180 |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | |
| 350 Total Non-Current Liabilities | \$6,649 | \$0 | \$0 | \$6,649 | \$0 | \$6,649 |
| 300 Total Liabilities | \$16,569 | \$17,733 | \$4,103 | \$38,405 | -\$17,187 | \$21,218 |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$10,822 | \$136,837 | | \$147,659 | | \$147,659 |
| 509.2 Fund Balance Reserved | | | | | | |
| 511.2 Unreserved, Designated Fund Balance | | | | | | |
| 511.1 Restricted Net Assets | \$268,000 | | | \$268,000 | | \$268,000 |
| 512.1 Unrestricted Net Assets | \$108,795 | -\$1,009 | -\$275 | \$107,511 | | \$107,511 |
| 512.2 Unreserved, Undesignated Fund Balance | | | | | | |
| 513 Total Equity/Net Assets | \$387,617 | \$135,828 | -\$275 | \$523,170 | \$0 | \$523,170 |
| 600 Total Liabilities and Equity/Net Assets | \$404,186 | \$153,561 | \$3,828 | \$561,575 | -\$17,187 | \$544,388 |

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

| | 14,871 Housing Choice Vouchers | 1 Business Activities | 14,181 Supportive Housing for Persons with Disabilities | Subtotal | ELIM | Total |
|---|-----------------------------------|--------------------------|--|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue | | \$5,520 | | \$5,520 | | \$5,520 |
| 70400 Tenant Revenue - Other | | | | | | |
| 70500 Total Tenant Revenue | \$0 | \$5,520 | \$0 | \$5,520 | \$0 | \$5,520 |
| 70600 HUD PHA Operating Grants | \$2,248,529 | | \$71,064 | \$2,319,593 | | \$2,319,593 |
| 70610 Capital Grants | | | | | | |
| 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 | \$5,220 | \$112 | | \$5,332 | | \$5,332 |
| 71200 Mortgage Interest Income | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | | | | | | |
| 71500 Other Revenue | | | | | | |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | \$1,536 | | | \$1,536 | | \$1,536 |
| 70000 Total Revenue | \$2,255,285 | \$5,632 | \$71,064 | \$2,331,981 | \$0 | \$2,331,981 |
| 91100 Administrative Salaries | \$114,701 | | \$11,062 | \$125,763 | | \$125,763 |
| 91200 Auditing Fees | \$3,705 | | | \$3,705 | | \$3,705 |
| 91300 Management Fee | | | | | | |
| 91310 Book-keeping Fee | | | | | | |
| 91400 Advertising and Marketing | \$72 | | | \$72 | | \$72 |
| 91500 Employee Benefit contributions - Administrative | \$40,442 | | | \$40,442 | | \$40,442 |
| 91600 Office Expenses | \$23,402 | | | \$23,402 | | \$23,402 |
| 91700 Legal Expense | | | | | | |
| 91800 Travel | \$49 | | | \$49 | | \$49 |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | \$38,386 | \$180 | | \$38,566 | | \$38,566 |
| 91000 Total Operating - Administrative | \$220,757 | \$180 | \$11,062 | \$231,999 | \$0 | \$231,999 |
| 92000 Asset Management Fee | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | |
| 92400 Tenant Services - Other | | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.181 Supportive Housing for Persons with Disabilities | Subtotal | ELIM | Total |
|---|-----------------------------------|--------------------------|--|-------------|------|-------------|
| 93100 Water | | \$1,390 | | \$1,390 | | \$1,390 |
| 93200 Electricity | | \$118 | | \$118 | | \$118 |
| 93300 Gas | | | | | | |
| 93400 Fuel | | | | | | |
| 93500 Labor | | | | | | |
| 93600 Sewer | | \$750 | | \$750 | | \$750 |
| 93700 Employee Benefit Contributions - Utilities | | | | | | |
| 93800 Other Utilities Expense | | | | | | |
| 93000 Total Utilities | \$0 | \$2,258 | \$0 | \$2,258 | \$0 | \$2,258 |
| 94100 Ordinary Maintenance and Operations - Labor | | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | \$166 | | \$166 | | \$166 |
| 94300 Ordinary Maintenance and Operations Contracts | | \$3,454 | | \$3,454 | | \$3,454 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | | | |
| 94000 Total Maintenance | \$0 | \$3,620 | \$0 | \$3,620 | \$0 | \$3,620 |
| 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 |
| 96110 Property Insurance | \$331 | \$1,008 | | \$1,339 | | \$1,339 |
| 96120 Liability Insurance | \$331 | | | \$331 | | \$331 |
| 96130 Workmen's Compensation | \$489 | | | \$489 | | \$489 |
| 96140 All Other Insurance | \$760 | | | \$760 | | \$760 |
| 96100 Total Insurance Premiums | \$1,911 | \$1,008 | \$0 | \$2,919 | \$0 | \$2,919 |
| 96200 Other General Expenses | \$1,151 | | | \$1,151 | | \$1,151 |
| 96210 Compensated Absences | \$7,014 | | | \$7,014 | | \$7,014 |
| 96300 Payments in Lieu of Taxes | | | | | | |
| 96400 Bad debt - Tenant Rents | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | |
| 96600 Bad debt - Other | \$2,642 | | | \$2,642 | | \$2,642 |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$10,807 | \$0 | \$0 | \$10,807 | \$0 | \$10,807 |
| 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 |
| 96900 Total Operating Expenses | \$233,475 | \$7,066 | \$11,062 | \$251,603 | \$0 | \$251,603 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$2,021,810 | -\$1,434 | \$60,002 | \$2,080,378 | \$0 | \$2,080,378 |
| 97100 Extraordinary Maintenance | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | |
| 97300 Housing Assistance Payments | \$1,989,741 | | \$60,002 | \$2,049,743 | | \$2,049,743 |
| 97350 HAP Portability-In | | | | | | |
| 97400 Depreciation Expense | \$1,238 | \$4,675 | | \$5,913 | | \$5,913 |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$2,224,454 | \$11,741 | \$71,064 | \$2,307,259 | \$0 | \$2,307,259 |

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

| | 14.871 Housing Choice Vouchers | 1 Business Activities | 14.181 Supportive Housing for Persons with Disabilities | Subtotal | ELIM | Total |
|---|-----------------------------------|--------------------------|--|-----------|------|-----------|
| 10010 Operating Transfer In | | | | | | |
| 10020 Operating transfer Out | | | | | | |
| 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 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$30,831 | -\$6,109 | \$0 | \$24,722 | \$0 | \$24,722 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 11030 Beginning Equity | \$357,528 | \$146,265 | -\$275 | \$503,518 | | \$503,518 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | -\$742 | -\$4,328 | | -\$5,070 | | -\$5,070 |
| 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 | \$119,617 | | | \$119,617 | | \$119,617 |
| 11180 Housing Assistance Payments Equity | \$268,000 | | | \$268,000 | | \$268,000 |
| 11190 Unit Months Available | 5724 | 48 | | 5772 | | 5772 |
| 11210 Number of Unit Months Leased | 5626 | 48 | | 5674 | | 5674 |
| 11270 Excess Cash | | | | | | |
| 11610 Land Purchases | | | | | | |
| 11620 Building Purchases | | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | | | | | | |
| 11650 Leasehold Improvements Purchases | | | | | | |
| 11660 Infrastructure Purchases | | | | | | |
| 13510 CFFP Debt Service Payments | | | | | | |
| 13901 Replacement Housing Factor Funds | | | | | | |

Board of Commissioners
Housing Authority of the City of Crawfordsville
Crawfordsville, Indiana

In planning and performing my audit of the financial statements of Housing Authority of the City of Crawfordsville 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 Housing Authority of the City of Crawfordsville's internal control. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Crawfordsville's internal control.

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

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

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

1. While reviewing the calculation of accrued compensated absences at the end of the current fiscal year, it was noted that the rates used in the calculation were the 2009 approved salary rates. While the use of the prior year rates did not result in a material or significant difference, the calculation should incorporate the subsequent year's rate. Additionally one employee's calculation was made as if the anniversary date was June 30 when it is actually July 1. Hours are not earned until the anniversary date.

2. The PHA is required to perform Quality Control examination of files and report those results as part of the SEMAP submission. The required number of files examined for quality control is (fourteen) 14 files, while the Housing Authority could only provide documentation that five (5) checks of the files had been performed during the current year. PHA needs to increase its annual sample and retain all documentation of the results of the files examined.

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
February 1, 2011