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May 28, 2014

Board of Directors
Housing Authority of the City of Union City
303 Fletcher Avenue
Union City, IN 47390

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period October 1, 2009 to September 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 Union City, as of September 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

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

TWELVE MONTHS ENDED SEPTEMBER 30, 2010

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Union City Housing Authority
Union City, Indiana

I have audited the accompanying financial statements of the Union City Housing Authority, as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Union City 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 we 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 opinions.

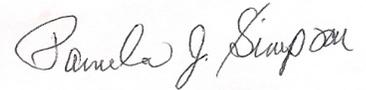
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Union City Housing Authority, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended 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 May 13, 2011 on my consideration of the Union City 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.

The Management's Discussion and Analysis on pages 3 through 8 are not a required part of the basic financial statements but are 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 required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of. 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 also not a required part of the basic financial statements of the Union City Housing Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Union City Housing Authority. The schedule of federal expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Decatur, Illinois
May 13, 2011



Certified Public Accountant

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Our discussion and analysis of the Union City Housing Authority financial performance provides the reader with an overview to the Authority's financial activities for the fiscal year ended September 30, 2010. The information contained in this MD&A should be considered in conjunction with the Authority's basic financial statements which are included with this MD&A.

FINANCIAL HIGHLIGHTS

- The Authority's cash balance at September 30, 2010 was \$32,869 representing an decrease of \$26,113 from September 30, 2009.
- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$79,297 (net assets).
- The Authority had HUD operating grants of \$699,624, and investment income of \$26 for the year ended September 30, 2010.

USING THIS ANNUAL REPORT

This annual report consists of the Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. The MD&A provides a narrative of the Authority's financial performance and activities for the year ended September 30, 2010. The basic statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- 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 situation of the Authority is improving.
- Statement of Activities - 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. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- Statement of Cash Flows - presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

HOUSING AUTHORITY ACTIVITIES AND HIGHLIGHTS

The Union City Housing Authority achieved a 88.51% occupancy rate in the Housing Choice Voucher Program for the FYE September 30, 2010. This rate decreased from the previous FYE September 30, 2009 Housing Choice Voucher Program occupancy rate of 98.81%.

FINANCIAL OPERATIONS HIGHLIGHTS

The Union City Housing Authority expended \$51,669 less in housing assistance payments for very low income families in Union City in FYE September 30, 2010 than in the previous FYE September 30, 2009.

The Union City Housing Authority adopts a consolidated annual operating budget for all programs. The program budgets for Housing Assistance Payments (HAP). Funds are approved by the U.S. Departments of Housing and Urban Development on a basis consistent with the grant application covering HAP Programs.

Cash decreased this year due to an increase in spending at Royal Oaks to finish up construction work in progress started in previous fiscal year. The Housing Authority also had a house donated to them at a fair market value of \$32,000, which explains some of the increase in assets for the housing authority.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Union City Housing Authority
Attn: Linda Aberle, Executive Director
321 West Oak Street
Union City, IN 47390
1-765-964-4544

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Statement of Net Assets - The following table summarizes the changes in Net Assets between September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>NET CHANGE</u>
ASSETS			
<u>Current Assets</u>			
Cash - Unrestricted	\$ 3	\$ 20,515	\$ (20,512)
Accounts Receivable	810	4,855	(4,045)
Accrued Interest Receivable	0	0	0
Prepaid Expenses	3,351	3,239	112
Total Current Assets	<u>4,164</u>	<u>28,609</u>	<u>(24,445)</u>
Cash - Restricted	32,866	38,467	(5,601)
<u>Property and Equipment</u>			
Building	177,506	111,549	65,957
Equipment	20,209	19,687	522
Construction in Progress	0	2,115	(2,115)
Accumulated Depreciation	(25,082)	(14,162)	10,920
Fixed Assets, net	<u>172,633</u>	<u>119,189</u>	<u>53,444</u>
TOTAL ASSETS	<u>\$ 209,663</u>	<u>\$ 186,265</u>	<u>\$ 23,398</u>
LIABILITIES & NET ASSETS			
<u>Current Liabilities</u>			
Accounts Payable	2,020	2,109	(89)
Accrued Liabilities	1,694	0	1,694
Current Portion of LTD	3,146	2,916	230
Total Current Liabilities	<u>6,860</u>	<u>5,025</u>	<u>1,835</u>
TOTAL LONG-TERM DEBT	<u>123,506</u>	<u>126,651</u>	<u>(3,145)</u>
NET ASSETS			
Invested in Capital Assets	45,981	(10,378)	56,359
Restricted Net Assets	80,036	38,467	41,569
Unrestricted Net Assets	(46,720)	26,500	(73,220)
TOTAL NET ASSETS	<u>79,297</u>	<u>54,589</u>	<u>24,708</u>
<u>Net Assets/Retained Earnings</u>	<u>\$ 209,663</u>	<u>\$ 186,265</u>	<u>\$ 23,398</u>

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Statement of Activities - The following table summarizes the changes in Operating Income between September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>NET CHANGE</u>
REVENUE			
Tenant Revenue	\$ 9,752	\$ 0	9,752
Donations	32,000	0	32,000
Other Revenue	280	0	280
HUD Operating Grants	699,624	656,976	42,648
Investment Income	26	1,385	(1,359)
Fraud Recovery Income	0	2,948	(2,948)
TOTAL REVENUE	<u>741,682</u>	<u>661,309</u>	<u>80,373</u>
EXPENSES			
Operating Expenses	\$ 109,574	\$ 89,655	\$ 19,919
Housing Assistance Payments	582,902	634,571	(51,669)
Depreciation Expense	10,920	2,776	8,144
Interest Expense	9,776	2,652	7,124
Fraud Losses	3,802	1,174	2,628
TOTAL EXPENSES	<u>716,974</u>	<u>730,828</u>	<u>13,854</u>
<u>Net Change</u>	<u>\$ 24,708</u>	<u>\$ (69,519)</u>	<u>\$ 94,227</u>

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

Statement of Cash Flows - The following table summarizes the changes in cash between September 30, 2010 and 2009:

CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009
Net Operating Income	\$34,458	-\$68,252
Depreciation	10,920	2,776
Changes in operating assets & liabilities:		
(Increase) Decrease in:		
Accounts Receivable	4,045	(61)
Deferred charges	(112)	(192)
Increase (Decrease) in:		
Accounts Payable	(89)	1,421
Accrued Liabilities	1,694	0
Net Cash Flows Provided (Used)		
By Operating Activities	50,916	(64,308)
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	0	129,567
Acquisition of Capital Assets	(64,364)	(115,391)
Principal payments	(2,915)	0
Interest paid	(9,776)	(2,652)
Net Cash Flows Provided (Used)		
By Capital & Related Financing Activities	(77,055)	11,524
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	26	1,848
Net Cash Flows Provided		
By Investing Activities	26	1,848
 Net Increase (Decrease) in Cash	(26,113)	(50,936)
 BEGINNING CASH & CASH EQUIVALENTS	58,982	109,918
 ENDING CASH & CASH EQUIVALENTS	\$32,869	\$58,982

UNION CITY HOUSING AUTHORITY
Union City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2010

RECONCILIATION OF PROPERTY & EQUIPMENT

	<u>2010</u>	<u>2009</u>	<u>NET CHANGE</u>
Balance	\$172,633	\$119,189	\$53,444

The changes in property and equipment consist of the following:

Additions	64,364
Disposal of equipment	0
9/30/10 depreciation	<u>\$ (10,920)</u>
Change in property and equipment	\$53,444

DEBT

The Housing Authority has a loan at 7.63% (APR) interest, due in monthly installments of \$1,057.63 with the final payment due 7/29/2029. The balance at year end is \$126,652.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

ASSETS

CURRENT ASSETS

Cash	\$	3
Accounts receivable		810
Deferred charges		<u>3,351</u>
Total Current Assets	\$	<u>4,164</u>

RESTRICTED ASSETS

Cash	\$	<u>32,866</u>
Total Restricted Assets	\$	<u>32,866</u>

CAPITAL ASSETS

Land, buildings and equipment	\$	197,715
Less: Accumulated depreciation		<u>-25,082</u>
Total Capital Assets	\$	<u>172,633</u>

Total Assets	\$	<u>209,663</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	2,020
Accrued wages/taxes		1,694
Mortgage payable		<u>3,146</u>
Total Current Liabilities	\$	<u>6,860</u>

NONCURRENT LIABILITIES

Mortgage payable	\$	<u>123,506</u>
Total Noncurrent Liabilities	\$	<u>123,506</u>

NET ASSETS

Invested in capital assets	\$	45,981
Restricted net assets		80,036
Unrestricted net assets		<u>-46,720</u>
Total Net Assets	\$	<u>79,297</u>

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2010**

Operating Income

Tenant rental revenue	\$ 9,452
Tenant revenue - other	<u>300</u>
Total Rental Income	\$ 9,752
HUD operating grants	699,624
Donations	32,000
Other revenue	<u>280</u>
Total Operating Income	\$ <u>741,656</u>

Operating Expenses

Administration	\$ 90,608
Utilities	5,558
Ordinary maintenance and operation	5,168
General expense	12,042
Housing assistance payments	582,902
Depreciation	<u>10,920</u>
Total Operating Expenses	\$ <u>707,198</u>
Net Operating Income (Loss)	\$ <u>34,458</u>

Nonoperating Income (Expense)

Interest expense	\$ -9,776
Interest income	<u>26</u>
Total Nonoperating Income (Expense)	\$ <u>-9,750</u>
Changes in net assets	\$ 24,708
Net assets, beginning of year	<u>54,589</u>
Net assets, end of year	<u><u>\$ 79,297</u></u>

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Operating Activities

Tenant revenue	\$ 9,752
Other revenue	36,325
Operating grants	699,624
Housing assistance payments	-582,902
Payments to employees	-46,774
Payments to suppliers and contractors	<u>-65,109</u>

Net Cash Provided (Used) by Operating Activities \$ 50,916

Investing Activities

Interest income	<u>\$ 26</u>
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Net Cash Provided (Used) by Investing Activities \$ 26

Capital and Related Financing Activities

Additions (deletions) to fixed assets	\$ -64,364
Interest expense	-9,776
Mortgage proceeds (repaid)	<u>-2,915</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -77,055

Net Change in Cash \$ -26,113

Cash Balance at September 30, 2009 58,982

Cash Balance at September 30, 2010 \$ 32,869

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

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

Net operating income (loss)	\$ 34,458
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	10,920
(Increase) decrease in accounts receivable	4,045
(Increase) decrease in deferred charges	-112
Increase (decrease) in accounts payable	-89
Increase (decrease) in accrued liabilities	<u>1,694</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,916</u>

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Union City Housing Authority was established by the City 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 housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of providing 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 Union City 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 Union City 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 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.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 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:

- * Housing Choice Vouchers
- * Business Activities - Royal Oaks Apartments

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 three (3) months or less when purchased to be cash equivalents.

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net assets and have been eliminated in the basic financial statements.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(h) 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 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) The total development construction costs incurred for each project at the end of the initial operating period,
- 2) nonexpendable equipment, and
- 3) property betterments and additions
- 4) land acquisitions.

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
Furniture and fixtures	5-15	years
Improvements	15	years

(I) 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."

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(j) Income Tax -

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

(k) Annual Contributions/Subsidies and Other Grants -

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

(l) 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 for approval.

(m) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to \$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.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 2 - Cash and Investments

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>
Voucher	\$ 32,866	\$ 34,095
Business Activities	<u>3</u>	<u>3</u>
Total	<u>\$ 32,869</u>	<u>\$ 34,098</u>

Note 3 - Compensated Absences

Full time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on length of service with the Housing Authority. Sick leave accrues to full-time, permanent employees to specified maximums. After one year of service, employees are entitled to their sick leave balance and accrued vacation leave upon termination.

The estimated portion of the liability for vested vacation and sick leave benefits attributable to the Housing Authority is recorded as an expenditure and liability in each of the respective programs.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 4 - Defined Contribution Plan

Plan Description

The Housing Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. The PERF retirement benefit consists of the pension annuity savings account. The annuity savings accounts consists of member's contributions, set by state statute of three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

The Authority made the required contributions amounting to \$4,097. Total annual payroll expense was \$48,168.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Fraud recovery	\$ 34,164
Allowance for doubtful accounts	<u>-33,354</u>
Subtotal	\$ 810
Interfund	<u>31,761</u>
Total	<u>\$ 32,571</u>

Note 6 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ 569
Prepaid computer service	<u>2,782</u>
Total	<u>\$ 3,351</u>

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 7 - Fixed Assets

Balance as of September 30, 2010	\$ 172,633
Balance as of September 30, 2009	<u>119,189</u>
Net Increase (Decrease)	<u>\$ 53,444</u>

Reconciliation

Additions	\$ 64,364
Current year depreciation expense	<u>-10,920</u> *
Net Increase (Decrease)	<u>\$ 53,444</u>

<u>Analysis</u>	<u>10/01/2009 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>09/30/2010 Balance</u>
Building	\$ 111,549	\$ 65,957	\$ 0	\$ 177,506
Equipment and furniture	19,687	522	0	20,209
Construction in progress	<u>2,115</u>	<u>0</u>	<u>2,115</u>	<u>0</u>
Subtotal	\$ 133,351	\$ 66,479	\$ 2,115	\$ 197,715
Accumulated depreciation	<u>-14,162</u>	<u>-10,920</u> *	<u>0</u>	<u>-25,082</u>
Net Assets	<u>\$ 119,189</u>	<u>\$ 55,559</u>	<u>\$ 2,115</u>	<u>\$ 172,633</u>

* Current year depreciation expense.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 1,520
Tenant security deposits	<u>500</u>
Subtotal	\$ 2,020
Interfund	<u>31,761</u>
Total	<u>\$ 33,781</u>

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 9 - Long Term Debt

The detail of the Housing Authority's long term debt at year end is set forth below:

<u>Project</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Mortgage	\$ 3,146	\$ 123,506	\$ 126,652

Debt service requirements for the long term debt for the next five years are as follows:

<u>Due Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,146	\$ 9,545
2012	3,368	9,324
2013	3,661	9,031
2014	3,950	8,742
2015	4,261	8,430
Thereafter	108,266	67,301

Note 10 - 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 calculated by HUD on an annual basis.

Note 11 - 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.

Note 12 - 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.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Note 13 - Economic Dependency

The Housing Authority received most of its revenue (94%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 14 - Related Party Transactions

There were no related party transactions required to be disclosed for the fiscal year ended September 30, 2010.

Note 15 - Interprogram Accounts

Individual interprogram accounts at year end are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Housing Choice Voucher	Business Activity	<u>\$ 31,761</u>

SUPPLEMENTAL DATA

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 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 Voucher Program*	14.871	IN-086	FYE 09/30/10	<u>\$ 699,924</u>	<u>\$ 699,624</u>	<u>\$ 691,152</u>
Total Housing Assistance				<u>\$ 699,624</u>	<u>\$ 699,624</u>	<u>\$ 691,152</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
Union City Housing Authority
Union City, Indiana

I have audited the financial statements of Union City Housing Authority as of and for the year ended September 30, 2010, and have issued my report thereon dated May 13, 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 Union City 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 Union City Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Union City 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 Union City 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 Union City Housing Authority in a separate letter dated May 13, 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
May 13, 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
Union City Housing Authority
Union City, Indiana

Compliance

I have audited Union City 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 Union City Housing Authority's major federal programs for the year ended September 30, 2010. Union City 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 Union City Housing Authority's management. My responsibility is to express an opinion on Union City 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 Union City 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 Union City Housing Authority's compliance with those requirements.

In my opinion, Union City 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 September 30, 2010. The results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

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

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

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

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

Decatur, Illinois
May 13, 2011



Certified Public Accountant

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

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

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

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

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

Noncompliance material to financial statements noted? _____ yes X_____ no

Federal Awards

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes X_____ 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

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
CURRENT FINDINGS AND RECOMMENDATIONS**

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Linda Aberle, Executive Director, during the course of the audit and at an exit conference May 13, 2011.

Section III - Federal Award Findings

There were no federal award audit findings discussed with Linda Aberle, Executive Director, during the course of the audit and at an exit conference held May 13, 2011.

**UNION CITY HOUSING AUTHORITY
UNION CITY, INDIANA**

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

<u>Business Activities</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Renovation Loan #1	2125	\$ 3,041.61		2125
Renovation Loan - current	2120		\$ 230.24	2120
Interest expense	4511		2,811.37	2802.508

(To adjust loan payable to actual per bank communication on 5/13/11)

Voucher

(1)				
Prepaid insurance	1211	\$ 375.00		1211
General insurance expense	4510	125.00		2802
Accounting fees	4170	273.00		2802
Heating and cooling	4430.01	252.00		2802
Telephone	4191	125.73		2802
Electricity	4320	253.99		2802
Vendor payable	2111		\$ 1,404.72	2111

(To set up vendor payable per examination of subsequently paid invoices)

(2)				
Federal withholding	2117.01		\$ 1,694.30	2117.01
Employee benefits	4182	\$ 1,694.30		2802

(To set up August and September 2010 federal tax withholding not paid until October 2010 and March 2011 per examination of subsequent payment, payroll returns and communications)

(3)				
Insurance expense property	4510.10	\$ 198.39	\$ 317.97	2802
Prepaid insurance	1211		304.42	1211
Other income	3480.01	424.00		2802

(To correct prepaid insurance for one policy refund and correction of policy terms)

(4)				
Admin salaries	4110		\$ 1,784.00	2802
Employee benefit contributions	4182		136.48	2802
Accrued payroll	2135	\$ 1,920.48		2135

(PHA has 54 paychecks recorded on general ledger plus 2 weeks set up as accrued less 2 weeks reversed for prior year accrual. The current year accrual reversed due to recording of 52 weeks expense per annual period.)

Housing Authority of the City of Union City (IN086)

Union City, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted					
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$32,866		\$32,866		\$32,866
114 Cash - Tenant Security Deposits		\$3	\$3		\$3
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$32,866	\$3	\$32,869	\$0	\$32,869
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
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					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$34,164		\$34,164		\$34,164
128.1 Allowance for Doubtful Accounts - Fraud	-\$33,354		-\$33,354		-\$33,354
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$810	\$0	\$810	\$0	\$810
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$3,351		\$3,351		\$3,351
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$31,761		\$31,761	-\$31,761	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$68,788	\$3	\$68,791	-\$31,761	\$37,030
161 Land					
162 Buildings		\$177,506	\$177,506		\$177,506
163 Furniture, Equipment & Machinery - Dwellings		\$1,299	\$1,299		\$1,299
164 Furniture, Equipment & Machinery - Administration	\$18,910		\$18,910		\$18,910
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$15,464	-\$9,618	-\$25,082		-\$25,082
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,446	\$169,187	\$172,633	\$0	\$172,633
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	\$3,446	\$169,187	\$172,633	\$0	\$172,633
190 Total Assets	\$72,234	\$169,190	\$241,424	-\$31,761	\$209,663

Housing Authority of the City of Union City (IN086)

Union City, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,520		\$1,520		\$1,520
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$1,694		\$1,694		\$1,694
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$500	\$500		\$500
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$3,146	\$3,146		\$3,146
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$31,761	\$31,761	-\$31,761	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$3,214	\$35,407	\$38,621	-\$31,761	\$6,860
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$123,506	\$123,506		\$123,506
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$123,506	\$123,506	\$0	\$123,506
300 Total Liabilities	\$3,214	\$158,913	\$162,127	-\$31,761	\$130,366
508.1 Invested In Capital Assets, Net of Related Debt	\$3,446	\$42,535	\$45,981		\$45,981
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$80,036		\$80,036		\$80,036
512.1 Unrestricted Net Assets	-\$14,462	-\$32,258	-\$46,720		-\$46,720
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$69,020	\$10,277	\$79,297	\$0	\$79,297
600 Total Liabilities and Equity/Net Assets	\$72,234	\$169,190	\$241,424	-\$31,761	\$209,663

Housing Authority of the City of Union City (IN086)

Union City, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$9,452	\$9,452		\$9,452
70400 Tenant Revenue - Other		\$300	\$300		\$300
70500 Total Tenant Revenue	\$0	\$9,752	\$9,752	\$0	\$9,752
70600 HUD PHA Operating Grants	\$699,624		\$699,624		\$699,624
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	\$6		\$6		\$6
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	\$280	\$32,000	\$32,280		\$32,280
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	\$20		\$20		\$20
70000 Total Revenue	\$699,930	\$41,752	\$741,682	\$0	\$741,682
91100 Administrative Salaries	\$42,091		\$42,091		\$42,091
91200 Auditing Fees	\$3,571		\$3,571		\$3,571
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$18,558		\$18,558		\$18,558
91600 Office Expenses	\$11,264		\$11,264		\$11,264
91700 Legal Expense					
91800 Travel	\$4,701		\$4,701		\$4,701
91810 Allocated Overhead					
91900 Other	\$10,423		\$10,423		\$10,423
91000 Total Operating - Administrative	\$90,608	\$0	\$90,608	\$0	\$90,608
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
93100 Water	\$1,060	\$646	\$1,706		\$1,706
93200 Electricity	\$2,310	\$1,243	\$3,553		\$3,553
93300 Gas	\$152	\$147	\$299		\$299
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$3,522	\$2,036	\$5,558	\$0	\$5,558

Housing Authority of the City of Union City (IN086)

Union City, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other	\$1,035	\$1,647	\$2,682		\$2,682
94300 Ordinary Maintenance and Operations Contracts	\$604	\$1,882	\$2,486		\$2,486
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$1,639	\$3,529	\$5,168	\$0	\$5,168
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
96110 Property Insurance	\$1,457		\$1,457		\$1,457
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance	\$479		\$479		\$479
96100 Total insurance Premiums	\$1,936	\$0	\$1,936	\$0	\$1,936
96200 Other General Expenses					
96210 Compensated Absences	\$4,696		\$4,696		\$4,696
96300 Payments in Lieu of Taxes		\$1,608	\$1,608		\$1,608
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$4,696	\$1,608	\$6,304	\$0	\$6,304
96710 Interest of Mortgage (or Bonds) Payable		\$9,776	\$9,776		\$9,776
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$9,776	\$9,776	\$0	\$9,776
96900 Total Operating Expenses	\$102,401	\$16,949	\$119,350	\$0	\$119,350
97000 Excess of Operating Revenue over Operating Expenses	\$597,529	\$24,803	\$622,332	\$0	\$622,332
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$582,902		\$582,902		\$582,902
97350 HAP Portability-In					
97400 Depreciation Expense	\$2,047	\$8,873	\$10,920		\$10,920
97500 Fraud Losses	\$3,802		\$3,802		\$3,802
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$691,152	\$25,822	\$716,974	\$0	\$716,974

Housing Authority of the City of Union City (IN086)

Union City, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	14.871 Housing Choice Vouchers	1 Business Activities	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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$8,778	\$15,930	\$24,708	\$0	\$24,708
11020 Required Annual Debt Principal Payments	\$0	\$2,916	\$2,916		\$2,916
11030 Beginning Equity	\$60,242	-\$5,653	\$54,589		\$54,589
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
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	-\$11,016		-\$11,016		-\$11,016
11180 Housing Assistance Payments Equity	\$80,036		\$80,036		\$80,036
11190 Unit Months Available	1932		1932		1932
11210 Number of Unit Months Leased	1710		1710		1710
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
Union City Housing Authority
Union City, Indiana

In planning and performing my audit of the financial statements of Union City Housing Authority as of and for the year ended September 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 Union City Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Union City 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 the examination of Housing Choice Voucher files, instances were noted where the files did not contain proper, complete or adequate documentation of calculations required by the agency's HCV Administrative Plan. The plan should be reviewed by all personnel performing intake and/or reviews of the files.

In some instances I could not determine how the income had been anticipated for the calculation of HAP and related tenant payments. In other instances errors in the calculations were noted.

Periodic quality control reviews of the files should be completed to determine that all files contain the proper documentation as required by HUD guidelines and Housing Authority policy.

2. While auditing a sample of the PHA's disbursements, it was noted that not all documentation required by the Housing Authority's internal policies and sound accounting practices. For example, some invoices were not cancelled and other claims had no supporting documentation attached. The PHA should retain all documentation of purchasing as required by internal policies.
3. While reviewing Housing Authority policies, it was noted that there is no formal "travel" policy. As a result the requests for reimbursement and/or advancement of travel expenditures were not uniformly documented. It is suggested that a formal travel policy be adopted.

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.

Decatur, Illinois
May 13, 2011



Certified Public Accountant