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AN EQUAL OPPORTUNITY EMPLOYER

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June 4, 2014

Board of Directors
Washington Housing Authority
520 S. E. 2nd Street
Washington, IN 47501

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Washington Housing Authority, as of December 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2009

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Directors
Washington Housing Authority
Washington, Indiana

I have audited the accompanying financial statements of Washington Housing Authority, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Washington Housing Authority, as of December 31, 2009 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 2, 2010, on my consideration of the Washington Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9, 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 Washington Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Washington 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 Washington Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois
September 2, 2010



Certified Public Accountant

Washington Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2009

Introduction

This Management's Discussion and Analysis (MD&A) of the Washington Housing Authority (Authority) provides an introduction and overview to the financial statements of the Washington Housing Authority for the fiscal year ended December 31, 2009. The Washington Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2009, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Washington Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program. The Low Rent Program consists of 190 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing and Urban Development based on a formula. The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Assets
- The Statement of Revenues, Expense, and Changes in Net Assets
- The Statement of Cash Flows

Washington Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2009

The Statement of Net Assets presents information on the assets and liabilities, with the differences between the two being 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 or deteriorating. Net Assets is comprised of three individual components:

- *Investment in Capital Assets, Net of Related Debt* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted Net Assets* consists of assets that are restricted by limitations placed on these assets by an external source or party.
- *Unrestricted Net Assets* consists of net assets that do not meet the definition of the above categories. The unrestricted net asset balance is basically the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Assets reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2009 to determine the change in net assets for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2009.

Financial Highlights

- The Washington Housing Authority's total net assets decreased from \$2,588,269 to \$2,478,102 a decrease of \$110,167. The total assets decreased by \$101,460 or 4%.
- The unrestricted net asset balance is reported at \$1,208,713 at December 31, 2009. This represents a decrease of \$83,926, or 6% from the previous year.
- Total revenues decreased from \$1,218,969 to \$1,025,320, a decrease of \$193,649 or 16%.
- Total expenses decreased by \$82,633 from \$1,218,120 to \$1,135,487 for the current year. This represents a decrease of 7%.

***Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2009 and December 31, 2008.

Summary Statement of Net Assets

Category	FYE 2009	FYE 2008	Change \$	Change %
Current Assets	\$ 1,306,640	\$ 1,381,859	\$ (75,219)	-5%
Fixed Assets (Net of Depreciation)	\$ 1,269,389	\$ 1,295,630	\$ (26,241)	-2%
Total Assets	\$ 2,576,029	\$ 2,677,489	\$ (101,460)	-4%
Current Liabilities	\$ 97,927	\$ 89,220	\$ 8,707	10%
Long Term Liabilities	\$ -	\$ -	\$ -	NA
Total Liabilities	\$ 97,927	\$ 89,220	\$ 8,707	10%
Unrestricted Net Assets	\$ 1,208,713	\$ 1,292,639	\$ (83,926)	-6%
Investment in Net Fixed Assets	\$ 1,269,389	\$ 1,295,630	\$ (26,241)	-2%
Total Net Assets	\$ 2,478,102	\$ 2,588,269	\$ (110,167)	-4%

Current Assets

The Authority's current asset balance decreased by \$75,219 from the previous year. The primary reasons for the decrease include a reduction in the accounts receivable balance in the amount of \$24,622 due to an accrual from HUD for CFP funds in the prior year and a reduction in cash and investments by \$47,357 due to the purchase of a truck and tractor through the Low Rent Program.

Fixed Assets

Fixed assets decreased primarily due to the depreciation expense charged to the current year. Please note the capital asset portion presented in a later section.

Current Liabilities

Current liabilities increased by \$8,707 primarily due to the accrual of a retirement payable in the amount of \$13,304. In addition, accounts payable decreased by \$11,253, due to a reduction in utility charges accrued in the current year.

***Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Net Assets

The Authority's total net asset balance decreased by \$110,167 from the previous year.

The Authority's unrestricted net assets decreased from \$1,292,639 to \$1,208,713, a decrease of \$83,926, or 6% for the current year. The primary reason of the decrease is due to excess operating expenses over operating revenues. The unrestricted net asset account balance is the amount available for future appropriations. This balance is subject to program specific guidelines.

Investment in net fixed assets decreased by \$26,241 for the current fiscal year. This is primarily due to the depreciation expense charged to the current year.

Overview of the Financial Statements-Cont.

***Summary Statement of Revenues & Expenses and Changes in Net Assets
Years Ended December 31, 2009 and 2008***

Category	FYE 2009	FYE 2008	Change \$	Change %
Tenant Revenue	\$ 492,895	\$ 504,082	\$ (11,187)	-2%
HUD Operating Grants	\$ 388,117	\$ 486,569	\$ (98,452)	-20%
Capital Grants	\$ 94,978	\$ 158,564	\$ (63,586)	-40%
Interest Income	\$ 29,507	\$ 47,504	\$ (17,997)	-38%
Other Revenue	\$ 19,823	\$ 22,250	\$ (2,427)	-11%
Total Revenue	\$ 1,025,320	\$ 1,218,969	\$ (193,649)	-16%
Administration	\$ 282,623	\$ 259,568	\$ 23,055	9%
Tenant Services	\$ 5,979	\$ 6,501	\$ (522)	-8%
Utilities	\$ 265,028	\$ 280,854	\$ (15,826)	-6%
Ordinary Maintenance	\$ 344,883	\$ 348,349	\$ (3,466)	-1%
General Expense	\$ 93,295	\$ 104,192	\$ (10,897)	-10%
Protective Services	\$ 150	\$ 1,153	\$ (1,003)	100%
Extraordinary Maintenance	\$ -	\$ 9,226	\$ (9,226)	-100%
Depreciation	\$ 143,529	\$ 208,277	\$ (64,748)	-31%
Total Expenses	\$ 1,135,487	\$ 1,218,120	\$ (82,633)	-7%
Excess of Revenue over Expenses	\$ (110,167)	\$ 849	\$ (111,016)	-13076%
Net Assets, Beginning of Year	\$ 2,588,269	\$ 2,587,420	\$ 849	0%
Net Assets, End of Year	\$ 2,478,102	\$ 2,588,269	\$ (110,167)	-4%

***Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$193,649 during the current fiscal year. Significant differences between the years include:

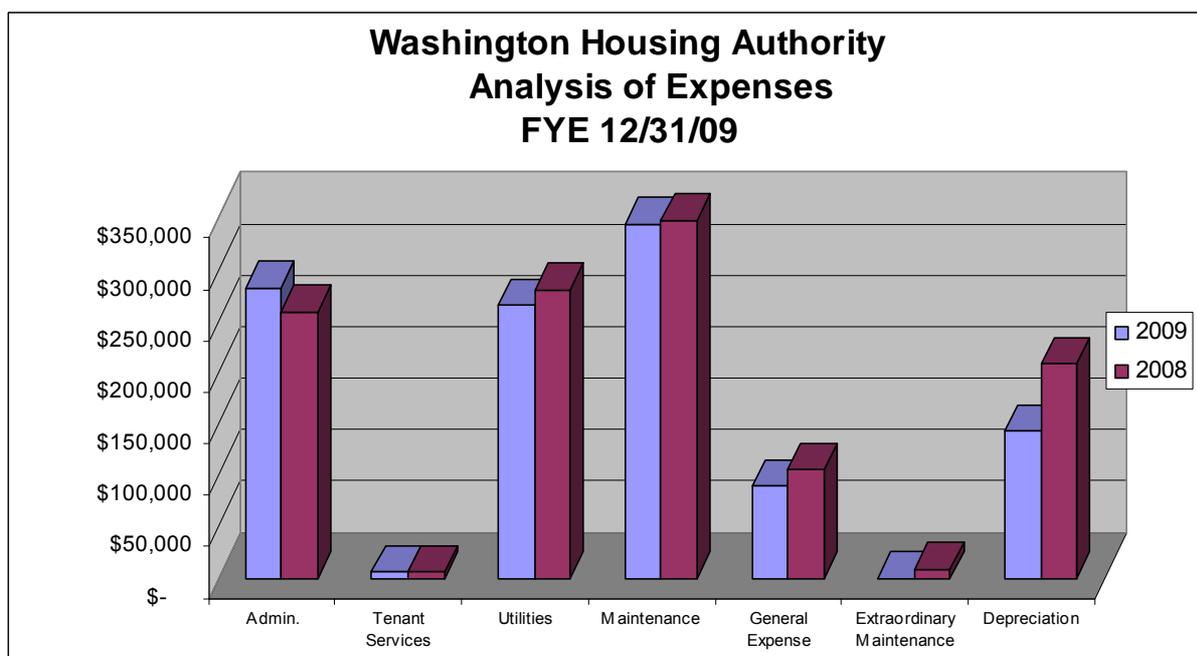
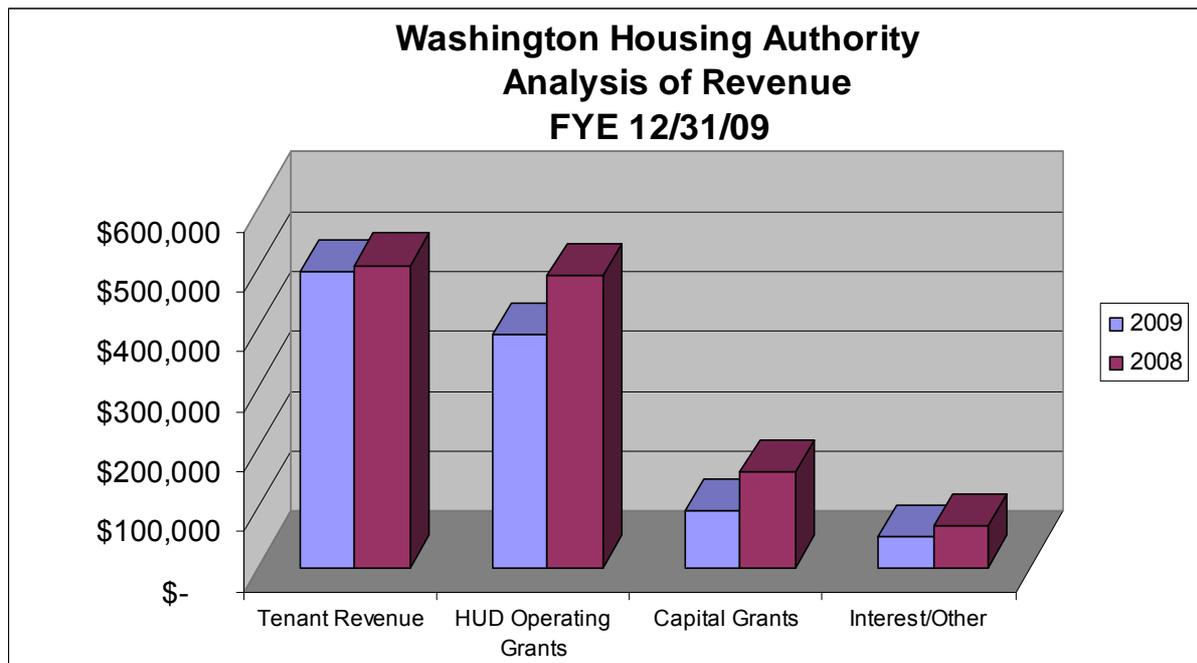
- HUD operating grants decrease by \$98,452 due to a decrease in the activity in the Capital Fund Program related to ordinary expenses in the amount of \$137,787. The Authority, however, received an increased in operating subsidy for the Low Rent Program in the amount of \$39,335.
- Capital grants decreased by \$63,586 due to a reduction in activity related to capital improvements in the Capital Fund Program.
- Interest income decreased by \$17,997 due to a reduction in interest rates and lower cash balances.

Total expenses decreased by \$82,633. Significant differences between the years include:

- Extraordinary maintenance decreased \$9,226 due to the completion of the brick repair project in the previous years.
- Other General Expenses decreased by \$10,897 due to a decrease in collection losses associated with amounts owed by vacated tenants.
- Depreciation decreased by \$64,748 due to the cost of the original project being fully depreciated as of 3/31/08.

***Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2009***

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



***Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2009***

Capital Assets

As of December 31, 2009, the Washington Housing Authority's investment in capital assets was \$1,269,389. This investment includes land, building, construction in progress, and equipment.

Category	FYE 2009	FYE 2008	Change \$	Change %
Land	\$ 97,107	\$ 97,107	\$ -	0%
Buildings	\$ 5,066,984	\$ 4,853,400	\$ 213,584	4%
Equipment	\$ 241,775	\$ 217,499	\$ 24,276	11%
Construction in Progress	\$ 158,341	\$ 300,748	\$ (142,407)	-47%
Accumulated Depreciation	\$ (4,294,818)	\$ (4,173,124)	\$ (121,694)	3%
Total Net Fixed Assets	\$ 1,269,389	\$ 1,295,630	\$ (26,241)	-2%

The Buildings account increased due to the building improvement projects consisting of a storage building, roofing and electrical project funded by the Low Rent Program, the 2005 CFP and the 2006 CFP.

The equipment account increased due to the purchase of a vending machine, tractor, and computers purchased with the 2006, 2007, and 2008 CFPs. The Low Rent Program also purchased a truck and a portion of the tractor.

The construction in progress account consists of a roofing, electrical, elevator, and masonry project being funding out of the 2007 and 2008 CFPs.

Subsequent Event

As part of the stimulus program, the Authority has received a formula funding in the amount of \$287,346. The Authority will utilize these funds in the coming fiscal year. Split systems at the scattered sites will be installed using both the stimulus, capital and general funds in order to finish the project. With the exterior wall falling we have accomplished fixing it and all structural aspects of the façade. A big concern is future funding and the ability to overcome unforeseen projects such as the façade project.

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:

Washington Housing Authority
William O'Brian, Executive Director
520 S.E. 2nd Street
Washington, IN 47501

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS

Cash	\$ 426,152
Accounts receivable (interfund eliminated)	4,898
Accrued interest receivable	3,258
Investments	854,983
Inventory	2,366
Deferred charges	<u>14,983</u>

Total Current Assets \$ 1,306,640

CAPITAL ASSETS

Land, buildings and equipment	\$ 5,564,207
Less: Accumulated depreciation	<u>-4,294,818</u>

Total Capital Assets \$ 1,269,389

Total Assets \$ 2,576,029

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 46,395
Accrued liabilities	43,264
Deferred revenue	<u>8,268</u>

Total Current Liabilities \$ 97,927

NET ASSETS

Invested in capital assets	\$ 1,269,389
Unrestricted	<u>1,208,713</u>

Total Net Assets \$ 2,478,102

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Operating Income

Tenant rental revenue	\$ 485,160
Excess utilities	<u>7,735</u>
Total Rental Income	\$ 492,895
HUD grants - operating	388,117
Other revenue	24,978
Gain or loss on sale of capital assets	<u>-5,155</u>
Total Operating Income	<u>\$ 900,835</u>

Operating Expenses

Administration	\$ 282,623
Tenant services	5,979
Utilities	265,028
Ordinary maintenance and operation	344,883
General expense	93,295
Protective services	150
Depreciation	<u>143,529</u>
Total Operating Expenses	<u>\$ 1,135,487</u>
Net Operating Income (Loss)	\$ -234,652

Nonoperating Income (Expense)

Interest income	29,507
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Capital Contributions

Capital Fund Grants	<u>94,978</u>
Changes in net assets	\$ -110,167
Net assets, beginning of year	<u>2,588,269</u>
Net assets, end of year	<u>\$ 2,478,102</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Operating Activities

Operating grants	\$ 412,739
Tenant revenue	495,986
Other revenue	19,823
Payments to employees	-286,231
Payments to suppliers and contractors	<u>-700,340</u>

Net Cash Provided (Used) by Operating Activities \$ -58,023

Investing Activities

Investments (purchased) redeemed	\$ -75,793
Interest income	<u>32,976</u>

Net Cash Provided (Used) by Investing Activities \$ -42,817

Capital and Related Financing Activities

HUD grants - capital	\$ 94,978
(Additions) deletions to fixed assets	<u>-117,288</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -22,310

Net Change in Cash \$ -123,150

Cash Balance at December 31, 2008 549,302

Cash Balance at December 31, 2009 \$ 426,152

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

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

Net operating income (loss)	\$ -234,652
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	143,529
(Increase) decrease in accounts receivable	24,657
(Increase) decrease in deferred charges	1,026
(Increase) decrease in inventories	-1,290
Increase (decrease) in accounts payable	2,193
Increase (decrease) in accrued liabilities	3,268
Increase (decrease) in deferred revenues	<u>3,246</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -58,023</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- * Low Rent Public Housing
- * Capital Fund Program

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

(e) Cash and Cash Equivalents -

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

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2009, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

Inventories and materials are stated at cost which approximates market determined on a first-in, first-out basis.

(h) Investments -

Investments are stated at cost which approximates market.

(i) 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) 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
Equipment	3-5	years
Leasehold improvements	15	years

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) 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."

(k) Income Tax -

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

(l) Annual Contributions/Subsidies and Other Grants

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

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

(m) The Housing Authority adopts a budget annually. The budget is submitted to the Department of Housing and Urban Development for approval. Subsequent budget revisions may also be required to be submitted to HUD for approval.

(n) 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.

(o) 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.

WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

- (p) Rental income is recognized as rents become due.
- (q) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

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

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.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 426,152	\$ 438,575

Similar to cash deposits, investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

Based on the three levels of risk, all of the Housing Authority's investments are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	\$ 854,983	\$ 854,983

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 3 - Compensated Absences

Annual Leave

Vacation time is earned in one fiscal/calendar year, but cannot be taken until the following fiscal or calendar year. While time is earned on a monthly basis for convenience sake the Authority posts the whole year's worth of anticipated annual leave on the 1st of January.

All regular full-time employees earn paid annual leave in the following manner:

Years 1	5	days per year
Years 2-10	10	days per year
Over 11 years	15	days per year

Sick Leave

Sick Leave will be accumulated by all full-time employees at the rate of 8 hours per month for a total of 96 hours per calendar year. After two years of employment, sick leave will accumulate at the rate of 12 hours per month for a total of 144 hours per calendar year. Sick leave may accumulate to 60 workdays. In no event shall an employee be paid for sick leave not taken.

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after the first full month of service. The plan requires the Housing Authority and the employee to contribute 7.5% and 5.5% of base salary each month, respectively. The Housing Authority's contributions for each employee (and interest allocated the employee's account) are fully vested after five years of continuous service. Housing Authority contributions for, and the interest forfeited by, employees who leave employment before five years of service are reallocated to the Housing Authority's current employees. For the fiscal year ended December 31, 2009, actual contributions were \$46,875. Total annual payroll expense was \$286,244.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 3,089
Allowance for doubtful accounts	-1,431
Accounts receivable - HUD	<u>3,240</u>
Subtotal	<u>\$ 4,898</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 6 - Investments

At December 31, 2009 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.10-5.15%	\$ 854,983	\$ 854,983

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ 14,983
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Note 8 - Fixed Assets

Balance as of December 31, 2009	\$ 1,269,389
Balance as of December 31, 2008	<u>1,295,630</u>
Net Increase (Decrease)	<u>\$ -26,241</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 122,443
Disposals	-5,155
Current year depreciation expense	<u>-143,529</u> *
Net Increase (Decrease)	<u>\$ -26,241</u>

<u>Analysis</u>	<u>01/01/2009 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2009 Balance</u>
Land	\$ 97,107	\$ 0	\$ 0	\$ 97,107
Buildings	4,853,400	213,584	0	5,066,984
Equipment and furniture	217,499	51,266	26,990	241,775
Construction in progress	<u>300,748</u>	<u>67,514</u>	<u>209,921</u>	<u>158,341</u>
Total	\$ 5,468,754	\$ 332,364	\$ 236,911	\$ 5,564,207
Accumulated depreciation	<u>-4,173,124</u>	<u>21,835</u>	<u>143,529</u> *	<u>-4,294,818</u>
Net Assets	<u>\$ 1,295,630</u>	<u>\$ 354,199</u>	<u>\$ 380,440</u>	<u>\$ 1,269,389</u>

*Current year depreciation expense recognized.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 27,260
Tenants security deposits	<u>19,135</u>
Subtotal	<u>\$ 46,395</u>

Note 10 - Notes Payable

On August 4, 1987, the U.S. Department of Housing and Urban Development (HUD) issued notice PIH 87-212 to implement the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (PL 99-272, enacted April 7, 1986). This notice states, in part, the following:

Project debt to HUD (HUD-held notes) will be forgiven after a debt forgiveness amendment to the consolidated Annual Contributions Contract has been executed by HUD and the Public Housing Authority and after the Actual Development Cost Certificate has been included in an audit and approved.

As a part of the HUD mandated GAAP conversion and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

<u>Current Portion:</u>	
Accrued wages and payroll taxes	\$ 21,251
Payment in lieu of taxes	<u>22,013</u>
Total	<u>\$ 43,264</u>

Note 12 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u>\$ 8,268</u>
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**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(CONTINUED)**

Note 13 - 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 14 - Contracts/Commitments

As of December 31, 2009, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-05	\$ 247,849	\$ 247,849
CFP 501-06	227,415	227,415
CFP 501-07	231,046	227,651
CFP 501-08	<u>235,000</u>	<u>177,547</u>
Total	<u>\$ 941,310</u>	<u>\$ 880,462</u>

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 or the risk pool coverage in the current or past three years.

Note 16 - Economic Dependency

The Housing Authority received a large percentage of its revenue (47%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing*	14.850a	C-590	FYE 12/31/09	\$ 374,728	\$ 374,728	\$ 374,728
Public Housing - Capital Fund	14.872	C-590	FYE 12/31/09	\$ 941,310	\$ 108,367	\$ 108,367
Total Housing Assistance				<u>\$ 1,316,038</u>	<u>\$ 483,095</u>	<u>\$ 483,095</u>

*Denotes major program.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P030502-03**

1. The Actual Modernization Costs of Phase IN36P030502-03 are as follows:

Funds approved	\$ 47,488
Funds expended	<u>47,488</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 47,488
Funds expended	<u>47,488</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated July 10, 2007, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P030501-04**

1. The Actual Modernization Costs of Phase IN36P030501-04 are as follows:

Funds approved	\$ 275,954
Funds expended	<u>275,954</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 275,954
Funds expended	<u>275,954</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated July 10, 2007, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P030501-05**

1. The Actual Modernization Costs of Phase IN36P030501-05 are as follows:

Funds approved	\$ 247,849
Funds expended	<u>247,849</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 247,849
Funds expended	<u>247,849</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated October 8, 2009, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P030501-06**

1. The Actual Modernization Costs of Phase IN36P030501-06 are as follows:

Funds approved	\$ 227,415
Funds expended	<u>227,415</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 227,415
Funds expended	<u>227,415</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 11, 2010, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Washington Housing Authority
Washington, Indiana

I have audited the financial statements of the governmental activities of Washington Housing Authority as of and for the year ended December 31, 2009, which collectively comprise the Washington Housing Authority's basic financial statements and have issued my report thereon dated September 2, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Washington Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Washington Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Washington Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Washington Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Washington Housing Authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that we reported to management of Washington Housing Authority, in a separate letter dated September 2, 2010.

This reported in intended solely for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

Decatur, Illinois
September 2, 2010

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2008 contained no findings.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2009**

Summary of Auditor's Results

Low Risk Auditee X yes no

Financial Statements

Type of auditor's report: Unqualified

- * Material weakness(es) identified? yes X no
- * Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X 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 that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: None

Major Programs: (Threshold \$300,000) CFDA Number(s)

Public and Indian Housing 14.850a

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with William O'Brian, Executive Director, during the course of the audit and at an exit conference held September 2, 2010.

Section III - Federal Award Findings

There were no federal award audit findings discussed with William O'Brian, Executive Director, during the course of the audit and at an exit conference held September 2, 2010.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2009**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
PILOT expense	4520	\$ 2,000.00		2806
PILOT	2137		\$ 2,000.00	2137
(To adjust PILOT liability to calculation)				
(2)				
Prepaid insurance	1211	\$ 1,796.64		1211
Collection losses	4570	.09		2806
Unrestricted net assets	2806	.27		2806
W/C insurance	4510.04		\$ 1,797.00	2806
(To correct posting of prior year audit adjustments)				
(3)				
Property insurance	4510.01	\$ 865.09		2806
General liability insurance	4510.02	143.99		2806
Workers comp insurance	4510.04	1,936.74		2806
Prepaid insurance	1211		\$ 2,945.82	1211
(To correct insurance amounts to actual)				
(4)				
Gain/loss on sale of equipment	6120	\$ 2,000.00		2802
Maintenance equipment	1475.02		\$ 2,000.00	1475.02
(To adjust basis of truck - trade in allowance should not be recorded because van had no value)				

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2009

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$407,017	\$407,017		\$407,017
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$19,135	\$19,135		\$19,135
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$426,152	\$426,152		\$426,152
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$3,240	\$3,240		\$3,240
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$3,089	\$3,089		\$3,089
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,431	-\$1,431		-\$1,431
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$3,258	\$3,258		\$3,258
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,156	\$8,156		\$8,156
131 Investments - Unrestricted	\$854,983	\$854,983		\$854,983
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$14,983	\$14,983		\$14,983
143 Inventories	\$2,629	\$2,629		\$2,629
143.1 Allowance for Obsolete Inventories	-\$263	-\$263		-\$263
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$1,306,640	\$1,306,640		\$1,306,640
161 Land	\$97,107	\$97,107		\$97,107
162 Buildings	\$5,066,984	\$5,066,984		\$5,066,984
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$241,775	\$241,775		\$241,775
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$4,294,818	-\$4,294,818		-\$4,294,818
167 Construction in Progress	\$158,341	\$158,341		\$158,341
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,269,389	\$1,269,389		\$1,269,389
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	\$1,269,389	\$1,269,389		\$1,269,389
190 Total Assets	\$2,576,029	\$2,576,029		\$2,576,029

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2009

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$27,260	\$27,260		\$27,260
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$21,251	\$21,251		\$21,251
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	\$22,013	\$22,013		\$22,013
341 Tenant Security Deposits	\$19,135	\$19,135		\$19,135
342 Deferred Revenues	\$8,268	\$8,268		\$8,268
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				
348 Loan Liability - Current				
310 Total Current Liabilities	\$97,927	\$97,927		\$97,927
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				
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	\$0		\$0
300 Total Liabilities	\$97,927	\$97,927		\$97,927
508.1 Invested In Capital Assets, Net of Related Debt	\$1,269,389	\$1,269,389		\$1,269,389
509.2 Fund Balance Reserved				
511.2 Unreserved, Designated Fund Balance				
511.1 Restricted Net Assets				
512.1 Unrestricted Net Assets	\$1,208,713	\$1,208,713		\$1,208,713
512.2 Unreserved, Undesignated Fund Balance				
513 Total Equity/Net Assets	\$2,478,102	\$2,478,102		\$2,478,102
600 Total Liabilities and Equity/Net Assets	\$2,576,029	\$2,576,029		\$2,576,029

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2009

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$485,160	\$485,160		\$485,160
70400 Tenant Revenue - Other	\$7,735	\$7,735		\$7,735
70500 Total Tenant Revenue	\$492,895	\$492,895		\$492,895
70600 HUD PHA Operating Grants	\$388,117	\$388,117		\$388,117
70610 Capital Grants	\$94,978	\$94,978		\$94,978
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$29,507	\$29,507		\$29,507
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	\$24,978	\$24,978		\$24,978
71600 Gain or Loss on Sale of Capital Assets	-\$5,155	-\$5,155		-\$5,155
72000 Investment Income - Restricted				
70000 Total Revenue	\$1,025,320	\$1,025,320		\$1,025,320
91100 Administrative Salaries	\$131,522	\$131,522		\$131,522
91200 Auditing Fees	\$4,060	\$4,060		\$4,060
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$1,579	\$1,579		\$1,579
91500 Employee Benefit contributions - Administrative	\$70,882	\$70,882		\$70,882
91600 Office Expenses	\$26,950	\$26,950		\$26,950
91700 Legal Expense				
91800 Travel	\$17,448	\$17,448		\$17,448
91810 Allocated Overhead				
91900 Other	\$30,182	\$30,182		\$30,182
91000 Total Operating - Administrative	\$282,623	\$282,623		\$282,623
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$5,979	\$5,979		\$5,979
92500 Total Tenant Services	\$5,979	\$5,979		\$5,979

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2009

	Project Total	Subtotal	ELIM	Total
93100 Water	\$38,045	\$38,045		\$38,045
93200 Electricity	\$93,289	\$93,289		\$93,289
93300 Gas	\$83,571	\$83,571		\$83,571
93400 Fuel				
93500 Labor				
93600 Sewer	\$49,939	\$49,939		\$49,939
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$184	\$184		\$184
93000 Total Utilities	\$265,028	\$265,028		\$265,028
94100 Ordinary Maintenance and Operations - Labor	\$154,722	\$154,722		\$154,722
94200 Ordinary Maintenance and Operations - Materials and Other	\$73,586	\$73,586		\$73,586
94300 Ordinary Maintenance and Operations Contracts	\$29,000	\$29,000		\$29,000
94500 Employee Benefit Contributions - Ordinary Maintenance	\$87,575	\$87,575		\$87,575
94000 Total Maintenance	\$344,883	\$344,883		\$344,883
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$150	\$150		\$150
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$150	\$150		\$150
96110 Property Insurance	\$37,332	\$37,332		\$37,332
96120 Liability Insurance	\$6,221	\$6,221		\$6,221
96130 Workmen's Compensation	\$5,899	\$5,899		\$5,899
96140 All Other Insurance				
96100 Total insurance Premiums	\$49,452	\$49,452		\$49,452
96200 Other General Expenses	\$3,530	\$3,530		\$3,530
96210 Compensated Absences	\$15,215	\$15,215		\$15,215
96300 Payments in Lieu of Taxes	\$22,013	\$22,013		\$22,013
96400 Bad debt - Tenant Rents	\$3,085	\$3,085		\$3,085
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$43,843	\$43,843		\$43,843
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
96900 Total Operating Expenses	\$991,958	\$991,958		\$991,958
97000 Excess of Operating Revenue over Operating Expenses	\$33,362	\$33,362		\$33,362

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2009

	Project Total	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$143,529	\$143,529		\$143,529
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,135,487	\$1,135,487		\$1,135,487
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$110,167	-\$110,167		-\$110,167
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$2,588,269	\$2,588,269		\$2,588,269
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				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	2280	2280		2280
11210 Number of Unit Months Leased	2263	2263		2263
11270 Excess Cash	\$1,109,810	\$1,109,810		\$1,109,810
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$76,666	\$76,666		\$76,666
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$45,776	\$45,776		\$45,776
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

PAMELA J. SIMPSON, C.P.A.

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DECATUR, ILLINOIS 62526
(217) 872-1908

Board of Commissioners
Washington Housing Authority
Washington, Indiana

In planning and performing my audit of the financial statements of Washington Housing Authority as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Washington Housing Authority's internal control.

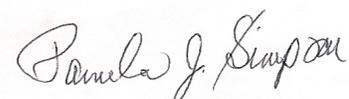
The administration of the Housing Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by the administration are required to assess the expected benefits and related costs of control procedures. 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. Sound accounting practices require that the Housing Authority adopt a policy regarding the classification of cash and cash equivalents vs. investments. Generally accepted accounting procedures allow investments with a maturity date of six months or less at the time of purchase to be classified as cash equivalents (as opposed to investments) in your financial statements. The housing authority has not adopted a formal policy at this time, therefore, I recommend that the agency adopt a policy that coincides with their current practice.
2. During the preparation of financial statements, the housing authority has designated certain revenues and certain expenditures as 'operating' revenues or 'operating' expenditures and other accounts are designated as 'non operating'. I suggest that the Housing Authority adopt a formal policy that coincides with the current practice.

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
September 2, 2010