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June 4, 2014

Board of Directors  
Vincennes Housing Authority  
501 Hart Street  
Vincennes, IN 47591

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2008 to June 30, 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 Vincennes Housing Authority, as of June 30, 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

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

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

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**TWELVE MONTHS ENDED JUNE 30, 2009**

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

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# PAMELA J. SIMPSON, C.P.A.

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## Independent Auditor's Report

Board of Directors  
Vincennes Housing Authority  
Vincennes, Indiana

I have audited the accompanying financial statements of Vincennes Housing Authority, as of and for the year ended June 30, 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 Vincennes Housing Authority, as of June 30, 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 January 29, 2010, on my consideration of the Vincennes 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 Vincennes 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 Vincennes 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 Vincennes Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois  
January 29, 2010



Certified Public Accountant

**VINCENNES HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

As management of the Vincennes Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Vincennes Housing Authority, 501 Hart Street, Vincennes, Indiana, (812) 882-5494.

**FINANCIAL HIGHLIGHTS**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$10,892,264 (net assets).

The Authority's cash balance at June 30, 2009, was \$1,663,033 representing a decrease of \$110,804 from June 30, 2008 balance of \$1,773,837.

The Authority had operating revenues of \$734,731, Department of Housing and Urban Development (HUD) grants of \$2,512,001, capital grants of \$376,528, investment income of \$22,480 and other revenues of \$26,377 for the year ended June 30, 2009.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**FUTURE EVENTS (NEW BUSINESS)**

There are no future events planned by the Authority during the fiscal year ended June 30, 2010 that will significantly affect the Authority's Net Assets either positively or negatively.

**VINCENNES HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**Condensed Comparative Financial Statements**

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

**Total Current Assets** for FYE 2009 were \$1,795,954, and at FYE 2008, the amount was \$1,890,695. This represents a decrease of \$94,741, mostly due to a decrease in cash in Low Rent related to net income.

**Total Capital Assets** decreased by \$109,258. At FYE 2009 and FYE 2008, the amounts were \$9,339,897 and \$9,449,155, respectively. This decrease was due to less capitalized repairs to building and increased depreciation.

**Total Liabilities** decreased by \$166,547 due to deferred revenue.

**Revenues** decreased by \$286,306 from FYE June 30, 2008. At FYE 2009 and FYE 2008, total revenues were \$3,672,117 and \$3,958,423, respectively.

**Total Expenses** increased by \$280,952 which is mostly due to an increase in Housing assistance payments.

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variances</u>
Cash	1,663,033	1,773,837	(110,804)	-6%
Other Current Assets	132,921	116,858	16,063	14%
Capital Assets	9,339,897	9,449,155	(109,258)	-1%
<b>Total Assets</b>	<b>\$ 11,135,851</b>	<b>\$ 11,339,850</b>	<b>\$ (203,999)</b>	<b>-2%</b>
Current Liabilities	166,012	324,364	(158,352)	-49%
Long Term Liabilities	77,575	85,770	(8,195)	-10%
<b>Total Liabilities</b>	<b>\$ 243,587</b>	<b>\$ 410,134</b>	<b>\$ (166,547)</b>	<b>-41%</b>
Net Invested in Capital Assets	9,339,897	9,449,155	(109,258)	-1%
Restricted Net Assets	505,705	527,757	(22,052)	-4%
Unrestricted Net Assets	1,046,662	952,804	93,858	10%
<b>Total Net Assets</b>	<b>\$ 10,892,264</b>	<b>\$ 10,929,716</b>	<b>\$ (37,452)</b>	<b>0%</b>

**VINCENNES HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

*Analysis of Entity Wide Revenues (Statement of Activities)*

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2009 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$1,453,075
Section 8 Vouchers	\$1,666,589
Capital Funds Program	\$539,223
Business Activities	\$12,706
State and Local	\$524

Revenue increases related to more HUD PHA operating grants, more interest earned due to higher interest rates on larger amounts invested and no losses on asset disposals.

Total revenues for Fiscal Year Ending June 30, 2009 were \$3,672,117 as compared to the total revenues for Fiscal Year Ending June 30, 2008 of \$3,958,423. Comparatively, Fiscal Year Ending 2009 revenues were less than Fiscal Year Ending 2008 revenues by \$286,306.

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variances</u>
Total Tenant Revenue	734,731	726,657	8,074	1%
HUD Operating Grants	2,512,001	2,744,972	(232,971)	-8%
HUD Capital Grants	376,528	431,433	(54,905)	-13%
Investment Income	22,480	39,989	(17,509)	-44%
Fraud Recovery	7,549	0	7,549	100%
Other Revenue	18,828	15,372	3,456	-22%
<b>Total Revenue</b>	<b><u>\$ 3,672,117</u></b>	<b><u>\$ 3,958,423</u></b>	<b><u>\$ (286,306)</u></b>	<b><u>-7%</u></b>

**VINCENNES HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

*Analysis of Entity Wide Expenditures*

**Total Expenditures** for Fiscal Year Ending June 30, 2009 were \$3,709,569 as compared to \$3,428,617 of total expenditures for Fiscal Year Ending June 30, 2008. Comparatively, Fiscal Year Ending 2009 expenditures exceeded Fiscal Year Ending 2008 expenditures by \$280,952. Changes by major expense category will be presented below.

**Administrative** expenditures increased by \$162 or 1%. There was an increase in other operating-admin expenses.

**Utilities** decreased by \$3,150 or 1% due to normal fluctuations in usage and costs.

**Maintenance** expenditures increased by \$100,919 or 19% due to an increase in maintenance contracts and employee benefits.

**Extraordinary Maintenance** decreased by \$5,992 or 58%.

**Housing Assistance Payments** increased by \$145,406 or 11% due to a decrease in HUD funding and the related number of units that could be funded.

The table below illustrates our analysis:

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	530,594	530,432	162	0%
Tenant Services	(405)	220	(625)	-284%
Utilities	410,445	413,595	(3,150)	-1%
Maintenance	645,074	544,155	100,919	19%
Protective Services	(885)	975	(1,860)	-191%
General Expense	159,148	138,020	21,128	15%
Extraordinary Maintenance	4,364	10,356	(5,992)	-58%
Casualty Loss (not capitalized)	5,000	0	5,000	100%
Housing Assistance Payments	1,427,505	1,282,099	145,406	11%
Depreciation Expense	528,729	508,765	19,964	4%
<b>Total Expenses</b>	<b><u>\$3,709,569</u></b>	<b><u>\$3,428,617</u></b>	<b><u>\$ 280,952</u></b>	<b><u>8%</u></b>

**VINCENNES HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**Budgetary Analysis**

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

The Authority prepares a budget on a calendar year because HUD is based on calendar year. Therefore, it is difficult to create a budgetary analysis since the Authority's budget is based on a calendar year and the audit is based on fiscal year ending June 30. The Authority is permitted four years to expend capital funds. Income is only recognized as funds are expended.

**ANALYSIS OF CAPITAL ASSET ACTIVITY**

As of June 30, 2009, the Authority's investment in capital assets was \$9,339,897 (net of accumulated depreciation). The investment includes land, buildings, equipment, and leasehold improvements. Capital outlays for the year were \$376,528 consisting of the following purchases:

- Architect fees \$31,788
- Various building improvements (new roofs & doors) \$221,417
- Vehicles \$80,904
- Playground \$5,770
- Computers \$16,649
- Camera \$20,000

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	343,955	343,955	0	0.0%
Buildings	17,337,920	17,222,551	115,369	0.7%
Furniture, Equipment, & Machinery - Dwelling	0	0	0	0.0%
Furniture, Equipment, & Machinery - Admin	1,358,925	1,192,658	166,267	13.9%
Leasehold Improvements	2,017,408	1,879,573	137,835	7.3%
<b>Total Fixed Assets</b>	<b>\$ 21,058,208</b>	<b>\$ 20,638,737</b>	<b>\$ 419,471</b>	<b>2.0%</b>
Accumulated Depreciation	11,718,311	11,189,582	528,729	4.7%
<b>Net Fixed Assets</b>	<b>\$ 9,339,897</b>	<b>\$ 9,449,155</b>	<b>\$ (109,258)</b>	<b>-1.2%</b>

**Debt Activity**

The Housing Authority had no outstanding debt in 2009 or 2008.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
AS OF JUNE 30, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,079,753
Account receivable (interfund eliminated)	15,392
Inventory (net)	58,526
Deferred charges	<u>59,003</u>

Total Current Assets \$ 1,212,674

**RESTRICTED ASSETS**

Cash	\$ <u>583,280</u>
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Total Restricted Assets \$ 583,280

**CAPITAL ASSETS**

Land, buildings and equipment	\$ 21,058,208
Less: Accumulated depreciation	<u>-11,718,311</u>

Net Capital Assets \$ 9,339,897

Total Assets \$ 11,135,851

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable (interfund eliminated)	\$ 63,364
Accrued liabilities	99,631
Deferred revenue	<u>3,017</u>

Total Current Liabilities \$ 166,012

**NONCURRENT LIABILITIES**

Trust and deposit liabilities	\$ <u>77,575</u>
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Total Noncurrent Liabilities \$ 77,575

**NET ASSETS**

Invested in capital assets	\$ 9,339,897
Restricted	505,705
Unrestricted	<u>1,046,662</u>

Total Net Assets \$ 10,892,264

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS  
AND CHANGES IN NET ASSETS  
TWELVE MONTHS ENDED JUNE 30, 2009**

Operating Income

Tenant rental revenue	\$ 670,723
Excess utilities	<u>64,008</u>
Total Tenant Revenue	\$ 734,731
HUD grants - operating	2,512,001
Fraud recovery	7,549
Other revenue	<u>18,828</u>
Total Operating Income	<u>\$ 3,273,109</u>

Operating Expenses

Administration	\$ 530,594
Tenant services	-405
Utilities	410,445
Ordinary maintenance and operation	645,074
Protective services	-885
General expense	159,148
Extraordinary maintenance	4,364
Casualty losses	5,000
Housing assistance payments	1,427,505
Depreciation	<u>528,729</u>
Total Operating Expenses	<u>\$ 3,709,569</u>
Net Operating Income (Loss)	\$ -436,460

Nonoperating Income (Expense)

Interest income	22,480
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Capital Contributions

Capital funds grant	<u>376,528</u>
Changes in net assets	\$ -37,452
Net assets, beginning of year	<u>10,929,716</u>
Net assets, end of year	<u>\$ 10,892,264</u>

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

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED JUNE 30, 2009**

Operating Activities

Operating grants	\$ 2,342,600
Tenant revenue	740,762
Other revenue	26,377
Housing assistance payments	-1,427,505
Payments to employees	-553,229
Payments to suppliers and contractors	<u>-1,219,346</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -90,341</u>

Investing Activities

Interest income	<u>\$ 22,480</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 22,480</u>

Capital and Related Financing Activities

Capital funds grants	\$ 376,528
Additions (deletions) to fixed assets	<u>-419,471</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -42,943</u>

Net Change in Cash	\$ -110,804
Cash Balance at June 30, 2008	<u>1,773,837</u>
Cash Balance at June 30, 2009	<u><u>\$ 1,663,033</u></u>

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED JUNE 30, 2009**

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

Net operating income (loss)	\$ -436,460
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	528,729
(Increase) decrease in accounts receivable	-274
(Increase) decrease in deferred charges	-314
(Increase) decrease in inventory	-15,475
Increase (decrease) in accounts payable	-8,925
Increase (decrease) in accrued liabilities	22,003
Increase (decrease) in deferred revenues	-171,430
Increase (decrease) in other liabilities	<u>-8,195</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -90,341</u>

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Vincennes was established by the City of Vincennes 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 Vincennes and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Vincennes 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.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

A formal policy has not been adopted, however in financial statement presentation, 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
- \* Section 8 Choice Vouchers
- \* State and Local
- \* Capital Fund Program
- \* Business Activities

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.

(d) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one month or less when purchased to be cash equivalents. A formal policy has not been adopted, but this is the procedure followed in financial statement preparation.

(e) 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.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 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.

(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	5 - 7 years
Leasehold improvements	15 years

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(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.

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.

(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 to the Board 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 \$100,000 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.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 986,522	\$ 1,026,729
Voucher	593,013	593,611
State and Local	75,125	75,660
Business Activities	<u>8,373</u>	<u>8,389</u>
Total	<u>\$ 1,663,033</u>	<u>\$ 1,704,389</u>

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 3 - Compensated Absences

Permanent full-time employees will be given nine (9) sick days per fiscal year and four (4) personal days. Sick days can accumulate to sixty (60). Employees may not accumulate more than sixty (60) days in sick leave, or receive compensation for accumulated sick leave. An employee's vacation benefit depends on length of service to the Vincennes Housing Authority. After the first twelve continuous calendar months of work, a Vincennes Housing Authority employee is entitled to ten work days vacation. An employee is eligible to twelve work days vacation after two continuous calendar years of employment. One vacation day for each additional year worked. Vacation benefits may not exceed twenty work days per year. Only permanent full-time employees are eligible for vacation. Once a permanent full-time employee has earned vacation, the employee must use all vacation earned during the vacation eligibility year. Vacation eligibility year is the year following the year which vacation is earned. No employee will accrue vacation time. Upon termination of employment, an employee shall be compensated for the unused portion of the earned vacation which the employee is eligible to use and earned vacation in the year of termination which has not been used. Compensation for unused vacation earned during the year of termination will be on a pro rata basis.

Note 4 - Defined Contribution Plan

The PHA participates in the Indiana Public Employee Retirement Fund (PERF). The Housing Authority is required to contribute 3.50% of annual covered payroll. The actual contributions by the Housing Authority to PERF were \$26,801 and \$14,767 was contributed by the employees for the current fiscal year.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 4,369
Fraud recovery	7,549
Accounts receivable - HUD	<u>3,474</u>
Subtotal	\$ 15,392
Interfund	<u>15,156</u>
Total	<u>\$ 30,548</u>

Note 6 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 59,003</u>
-------------------	------------------

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 7 - Fixed Assets

Balance as of June 30, 2009	\$ 9,339,897
Balance as of June 30, 2008	<u>9,449,155</u>
Net Increase (Decrease)	<u>\$ -109,258</u>

Reconciliation

Additions	\$ 419,471
Current year depreciation expense	<u>-528,729</u> *
Net Increase (Decrease)	<u>\$ -109,258</u>

Analysis

	<u>07/01/2008</u> <u>Balance</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>06/30/2009</u> <u>Balance</u>
Land	\$ 343,955	\$ 0	\$ 0	\$ 343,955
Buildings	17,222,551	115,369	0	17,337,920
Equipment and furniture	1,192,658	166,267	0	1,358,925
Leasehold improvements	<u>1,879,573</u>	<u>137,835</u>	<u>0</u>	<u>2,017,408</u>
Total Assets	\$ 20,638,737	\$ 419,471	\$ 0	\$ 21,058,208
Accumulated depreciation	<u>-11,189,582</u>	<u>0</u>	<u>528,729</u> *	<u>-11,718,311</u>
Total	<u>\$ 9,449,155</u>	<u>\$ 419,471</u>	<u>\$ 528,729</u>	<u>\$ 9,339,897</u>

\* Current year depreciation recognized.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 31,334
Tenants security deposits	<u>32,030</u>
Subtotal	\$ 63,364
Interfund	<u>15,156</u>
Total	<u>\$ 100,804</u>

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 9 - 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 10 - Trust and Deposit Liabilities

This classification consists of the following accounts:

FSS Escrow	<u>\$ 77,575</u>
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Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued wages/payroll taxes	\$ 36,054
Accrued compensated absences	30,219
Payment in lieu of taxes	<u>33,358</u>

Total	<u>\$ 99,631</u>
-------	------------------

Note 12 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u>\$ 3,017</u>
----------------------	-----------------

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2009  
(CONTINUED)**

Note 13 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

Note 14 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 15 - Risk Management

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

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

Note 16 - Economic Dependency

The Housing Authority received most of its revenue (79%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 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-2009	FYE 06/30/09	\$ 693,990	\$ 693,990	\$ 693,990
Housing Choice Vouchers*	14.871	C-2064	FYE 06/30/09	\$ 1,655,316	\$ 1,655,316	\$ 1,655,316
Public and Indian - Capital Funds *	14.872	C-2009	FYE 06/30/09	\$ 1,797,131	\$ 539,223	\$ 539,223
Total Housing Assistance				<u>\$ 4,146,437</u>	<u>\$ 2,888,529</u>	<u>\$ 2,888,529</u>

\*Denotes major program

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)  
TWELVE MONTHS ENDED JUNE 30, 2009**

Note 1: Expenditures to the Housing Choice Voucher Program are reported as equal to revenues recognized. This method of expenditure recognition does not reconcile to the Housing Authority's financial statements, but is required by HUD.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**PHA'S STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PROJECT IN36P002501-07**

1. The Actual Modernization Costs of Project IN36P002501-07 are as follows:

Funds approved	\$ 508,536
Funds expended	<u>508,536</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	\$ 508,536
Funds expended	<u>508,536</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 May 27, 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.

# PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

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## **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  
Vincennes Housing Authority  
Vincennes, Indiana

I have audited the financial statements of the governmental activities of Vincennes Housing Authority as of and for the year ended June 30, 2009, which collectively comprise the Vincennes Housing Authority's basic financial statements and have issued my report thereon dated January 29, 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 Vincennes 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 Vincennes Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Vincennes 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 Vincennes 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 Vincennes Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Vincennes 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 Vincennes Housing Authority's internal control.

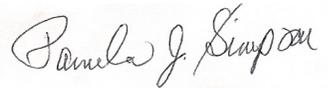
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any 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 Vincennes 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 Vincennes Housing Authority, in a separate letter dated January 29, 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.

Handwritten signature of Pamela J. Simpson in cursive script.

Certified Public Accountant

Decatur, Illinois  
January 29, 2010

# PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

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## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Commissioners  
Vincennes Housing Authority  
Vincennes, Indiana

### **Compliance**

I have audited the compliance of Vincennes Housing Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Vincennes 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 Vincennes Housing Authority's management. My responsibility is to express an opinion on Vincennes 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vincennes Housing Authority's compliance with those requirements 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 Vincennes Housing Authority's compliance with those requirements.

In my opinion, Vincennes Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of my auditing procedures disclosed no instances of noncompliance with those requirements.

### **Internal Control Over Compliance**

The management of Vincennes 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 Vincennes Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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 the Vincennes Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance 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 compliance that I consider to be material weaknesses, as defined above.

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Vincennes Housing Authority in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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.

Decatur, Illinois  
January 29, 2010



Certified Public Accountant

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2008 contained no findings.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2009**

**Section I - 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: Unqualified

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

Major Programs: (Threshold \$300,000)

CFDA Number(s)

Public and Indian Housing 14.850a

Housing Choice Voucher Program 14.871

Capital Funds Program 14.872

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Audit Findings**

There were no financial statement audit findings were discussed with Linda Frederick, Executive Director and Carol Johnson, Accountant, during the course of the audit and at an exit conference held January 29, 2010.

**Section III - Federal Award Audit Findings**

There were no federal award audit findings were discussed with Linda Frederick, Executive Director and Carol Johnson, Accountant, during the course of the audit and at an exit conference held January 29, 2010.

**VINCENNES HOUSING AUTHORITY  
VINCENNES, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
JUNE 30, 2009**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Insurance	4510	\$ 56,643.50		n/a
Admin salaries	4110	50,853.00		n/a
Insurance - employees	4540.4	228.00		n/a
Operating transfers out	----	107,724.50		n/a
Operating transfers in	----		\$ 107,724.50	n/a
Soft cost - CGP	4590		107,724.50	n/a
(To reclassify the transfer of operations from Capital Funds to Public Housing)				
(2)				
Electricity	4320	\$ 7,157.10		2806
Gas	4330	2,138.41		2806
Materials expense	4420	1,373.96		2806
Vendors and contractors	2111		\$ 10,669.47	2111
(To set up extra vendor payables per search)				
<u>Voucher</u>				
(1)				
Accounts receivable - HUD	1128	\$ 3,474.00		1128
Admin subsidy - HUD	8026		\$ 3,474.00	2806
(To record receivable for monthly admin settlements received subsequent to FYE 06/30/2009)				
(2)				
Admin subsidy - HUD	8026	\$ 4,085.00		2806
Accounts receivable - HUD	1128		\$ 4,085.00	1128
(To reverse prior AJE recording 1 <sup>st</sup> and 2 <sup>nd</sup> quarter of calendar year 2008 receivable, paid settlement for 2008 included in AJE #1)				
(3)				
Accounts receivable - fraud recovery	----	\$ 7,548.65		----
Fraud recovery - revenue	----		\$ 7,548.65	2806
(To set up fraud recovery on book per search)				

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Board of Commissioners  
Vincennes Housing Authority  
Vincennes, Indiana

In planning and performing my audit of the financial statements of Vincennes Housing Authority as of and for the year ended June 30, 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 Vincennes Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Vincennes 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. I compared the Authority's current insurance coverage for employee bonding to the HUD suggested amounts (per the HUD Insurance Handbook guidelines). According to the worksheet calculation, the Housing Authority needs to increase the bond amount to \$125,000 to cover carry the suggested minimum level of coverage.
2. Per my review of financial statements and fraud recovery repayment agreements, the Housing Authority is not currently recording all receivables in the general ledger. When the agency discovers fraud and enters into an agreement with a participant for repayment of previously over paid assistance, the Housing Authority should record the related receivable on the financial statements.
3. At the end of the fiscal year, the Housing Authority did not maintain an up to date, accurate subsidiary ledger for tenant security deposits. Sound accounting practices, internal controls and HUD require that detail to support such balances is retained.

4. While auditing fixed assets, it was noted that some item descriptions (number of items) were not properly reflected on the depreciation schedule. The schedule should be reviewed no less than annually to determine that the assets recorded are accurate.

This communication is intended solely for the information and used of management, the Board of Commissioners, and others within the housing authority, and is not intended to be and should not be used by anyone other than these specified parties. Please feel free to contact me if you have any questions.

A handwritten signature in black ink that reads "Pamela J. Simpson". The signature is written in a cursive style with a loop at the end of the last name.

Certified Public Accountant

Decatur, Illinois  
January 29, 2010