



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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June 6, 2014

Board of Directors
Fulton County Housing Authority
P.O. Box 594
824 Main Street
Rochester, IN 46975

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2012 to June 30, 2013. 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 Fulton County Housing Authority, as of June 30, 2013 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

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

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

TWELVE MONTHS ENDED JUNE 30, 2013

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Fulton County Housing Authority
Rochester, Indiana

I have audited the accompanying financial statements of the Fulton County Housing Authority and the discretely presented component unit, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fulton County Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fulton County Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fulton County Housing Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Fulton County Housing Authority, as of June 30, 2013 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton County Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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. Further, the financial data schedules shown on pages 33 to 37 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2013 on my consideration of the Fulton County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.

Decatur, Illinois
September 5, 2013


Certified Public Accountant

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year Ending June 30, 2013

The Fulton County Housing Authority's (the Authority) Management's Discussion and Analysis Report is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis will be presented at the beginning of the basic financial statements each year.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Authority's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Authority participated in the construction of the 56-unit Arbor Woods Apartments tax-credit project. Project construction was completed in late 2006, and lease-up began in mid-July 2007. This one-time project has enhanced the quantity, quality, and affordability of local rental units. As of the fiscal year end June 30, 2013, the Authority subsidized 24 of the 56 units in this project.
 - The Authority's net position decreased by \$16,108/(or 6.8%) during 2013. Net Assets were \$237,905 and \$221,797 for 2012 and 2013 respectively. This decrease is attributable to decreased administrative funding proration and continued HAP expenses larger than HAP funding; both administrative and HAP reserves were utilized and decreased this year.
 - The Authority's cash balance at June 30, 2013 was \$102,640 representing a decrease of \$17,169 (or 14.3%) from June 30, 2012. This change reflects the continued proration of administrative fee funding.
 - The Authority's total revenue increased by \$36,544 (or 4.9%) during 2013, and was \$745,514 and \$782,058 for 2012 and 2013 respectively. This is due to a slight increase in HUD funding, as well as increase fraud recovery receipts.
 - The total expenses of the Authority's programs decreased by \$29,013 (or 3.5%); this decrease is almost entirely based on reduced HAP costs as lease up figures were lower than anticipated due to a staff change effecting December-June lease up efforts. Total expenses were \$826,969 and \$797,956 for 2012 and 2013 respectively. Administrative expenses remained similar to last year's figures and only decreased by \$2,366 (or 2.4%) due to change in staff wages. General expenses decreased \$363 (or 5.0%). HAP expenses decreased \$22,035 (or 3.1%) due to staff changes. Depreciation decreased \$2,144 (or 60.4%), and Collection losses of (\$1,251) were booked this year as a new method of calculating bad debts allowance was approved, resulting in a required reduction in our allowance figure.
 - The Authority had HUD PHA operating grants of \$770,526, unrestricted investment income of \$195, other income of \$5,757, and fraud recovery income of \$5,580 for the year ended June 30, 2013.
 - The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$221,797 (net position). This represents a decrease of \$16,108 from last year.
-

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ending June 30, 2013

USING THIS ANNUAL REPORT

The following is provided to outline the contents of the Authority's MD&A Report. This report precedes and is required supplementary information to the Authority's basic financial statements for the annual period ending June 30, 2013.

- **Financial Statement Overview**
 - Authority-Wide Financial Statements
 - Financial Statements
 - The Authority's Programs

 - **Authority-Wide Statements**
 - Table 1 – Statement of Net Assets and Statement Analysis
 - Table 2 – Statement of Revenues, Expenses and Changes in Fund Net Position

 - **Changes in Capital Assets**

 - **Financial Contact**
-

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ending June 30, 2013

FINANCIAL STATEMENT OVERVIEW

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-Wide financial statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Noncurrent".

The focus of the Statement of Net Position is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the Authority.

The Authority-Wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, Operating Expenses, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

FINANCIAL STATEMENTS

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by private sector accounting.

THE AUTHORITY'S PROGRAMS

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure assistance that mandates the participants' rent is 30% of household income.

HOME Investment Partnerships Program – The Housing Authority received HOME funds for a 56-unit tax credit apartment project 'Arbor Woods'.

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year Ending June 30, 2013

AUTHORITY-WIDE STATEMENTS

TABLE 1
Statement of Net Assets

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>Percent Variances</u>
Cash - Unrestricted	32,451	50,154	(17,703)	-35%
Cash - Restricted	70,189	69,655	534	1%
Accounts Receivable-PHA Projects	895	0	895	100%
Notes Receivable-Sec. Dep. Loans	654	518	136	26%
Fraud Recovery - net of allowance	15,702	15,563	139	1%
Prepaid Expenses	1,583	1,667	(84)	-5%
Current Assets	<u>121,474</u>	<u>137,557</u>	<u>(16,083)</u>	<u>-12%</u>
Office Equipment - net	2,862	4,265	(1,403)	-33%
Other noncurrent assets	99,937	99,955	(18)	0%
Noncurrent Assets	<u>102,799</u>	<u>104,220</u>	<u>(1,421)</u>	<u>-1%</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL	<u><u>224,273</u></u>	<u><u>241,777</u></u>	<u><u>(19,009)</u></u>	<u><u>-8%</u></u>
Vendor Payable	1,261	1,884	(623)	-33%
Salaries Payable	741	1,988	(1,247)	-63%
A/P - HUD PHA Programs	444	0	444	100%
Other Current Liabilities	30	0	30	100%
Current Liabilities	<u>2,476</u>	<u>3,872</u>	<u>(1,396)</u>	<u>-36%</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Net Invested in Capital Assets	2,862	4,265	(1,403)	-33%
Restricted	69,745	69,655	90	0%
Unrestricted	149,190	163,985	(14,795)	-9%
Net Position	<u>221,797</u>	<u>237,905</u>	<u>(16,108)</u>	<u>-7%</u>
TOTAL	<u><u>224,273</u></u>	<u><u>241,777</u></u>	<u><u>(17,504)</u></u>	<u><u>-7%</u></u>

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ending June 30, 2013

*Current assets decreased by \$16,083, while current liabilities decreased by \$1,065. The decrease in cash balance is attributed predominantly to continued downward proration of administrative funding.

*Investments in Joint Ventures decreased by \$18 due to a net operating loss from the Arbor Woods Apartments tax credit project.

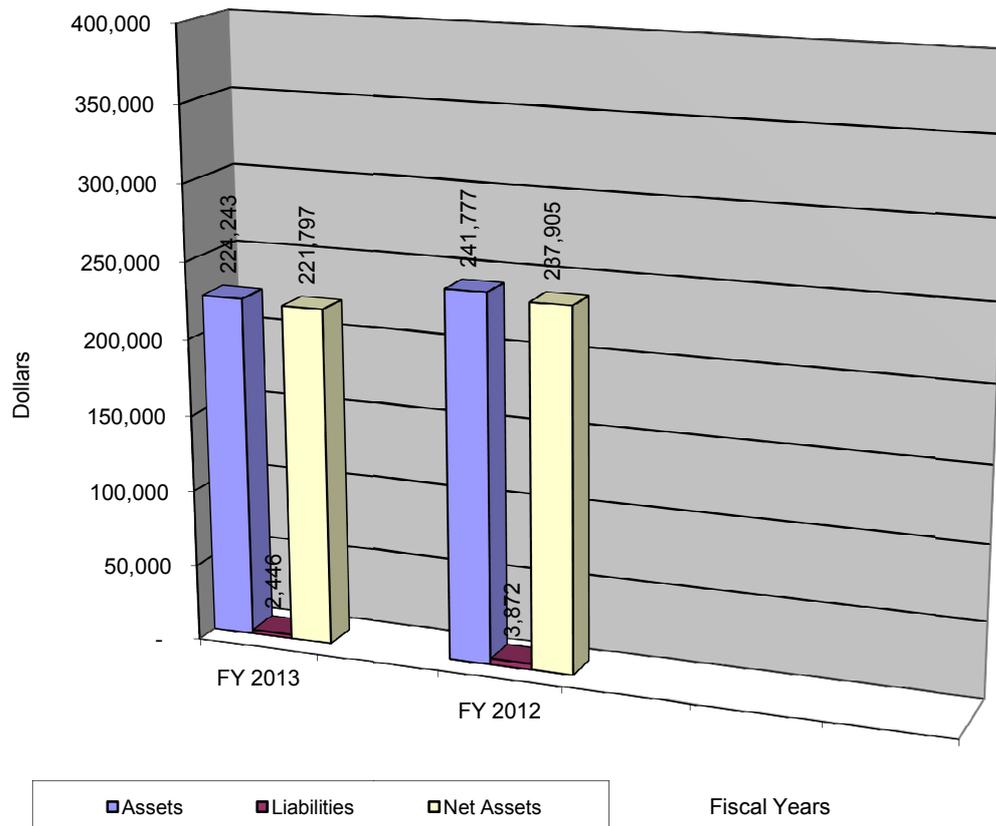
*Office equipment decreased by \$1,403 due to no new equipment purchases and write-off of two expired assets.

*The minor decrease in other liabilities can be attributed to decreased salary accrual due to reduction in staff.

*Restricted net position increased by \$90 as HAP spending was in line with HAP funding.

*Unrestricted net position decreased by \$14,795 due mostly to continued decreases in administrative funding.

Section 8 Housing Choice Voucher Program
Changes in Net Position FY 2012 - FY 2013



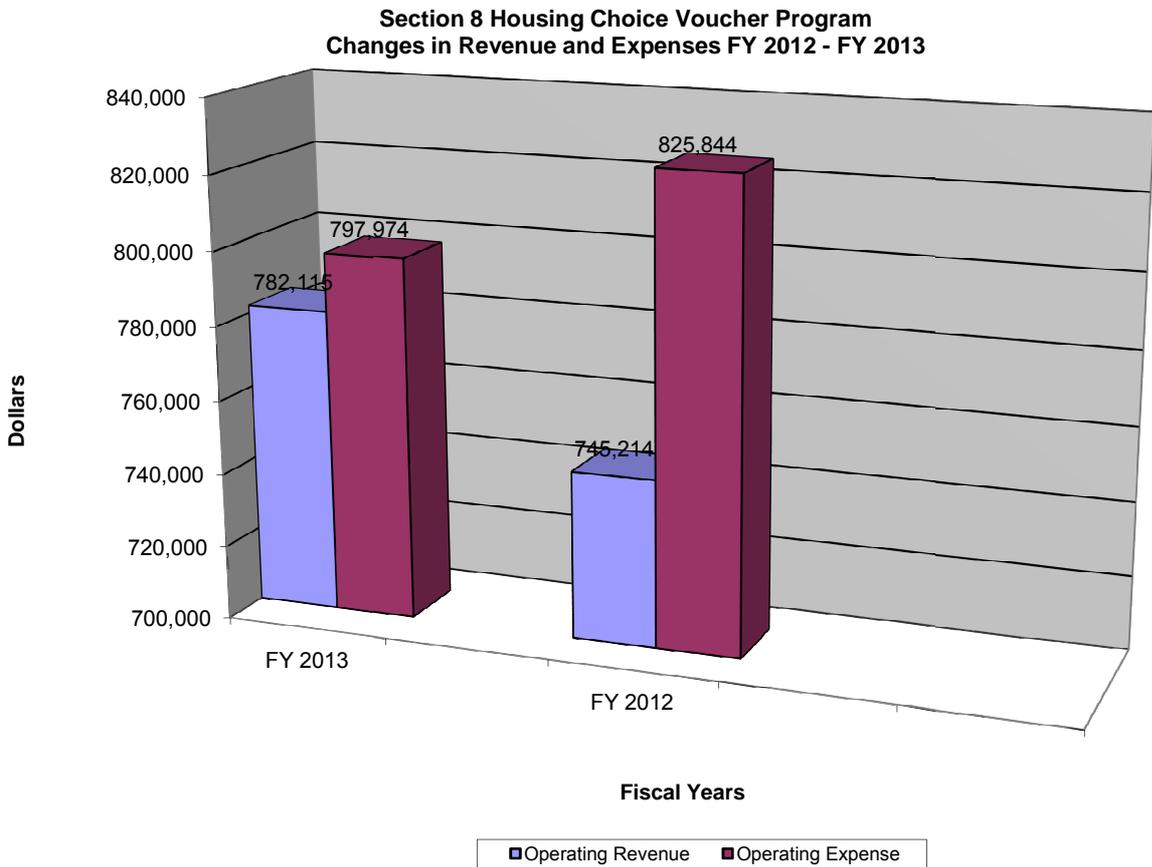
FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Year Ending June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
<i>OPERATING REVENUES</i>			
Government operating grants	\$ 770,526	\$ 744,191	\$ 26,335
Interest Income - HUD	155	586	(431)
Other Income	5,757	702	5,055
Fraud Recovery	5,580	-	5,580
Total operating revenues	<u>782,018</u>	<u>745,479</u>	<u>36,539</u>
<i>OPERATING EXPENSES</i>			
Administrative	95,063	97,429	(2,366)
General	6,935	7,298	(363)
Housing assistance payments	695,806	717,841	(22,035)
Depreciation	1,403	3,547	(2,144)
Collection losses	(1,251)	854	(2,105)
Total operating expenses	<u>797,956</u>	<u>826,969</u>	<u>(29,013)</u>
Operating income (loss)	<u>(15,938)</u>	<u>(81,490)</u>	<u>65,552</u>
<i>NONOPERATING REVENUES (EXPENSES)</i>			
Interest and investment revenue	40	35	5
Total non-operating revenue (expenses)	<u>40</u>	<u>35</u>	<u>5</u>
Change in net position	(15,898)	(81,455)	65,557
Prior period adjustment	(210)	-	(210)
Total net position - beginning	<u>237,905</u>	<u>319,360</u>	<u>(81,455)</u>
Total net position - ending	<u>\$ 221,797</u>	<u>\$ 237,905</u>	<u>\$ (16,108)</u>

Operating revenues increased due to an increase in fiscal year ending 2013 HUD funding compared to last year. Fraud recovery receivables were larger than last year. Administrative and General expenses for the HCV program were similar to last year's figures. HAP expenses decreased by \$22,035 due to slower lease up; staff changes affected the second half of the fiscal year.

FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ending June 30, 2013



FULTON COUNTY HOUSING AUTHORITY, IN069
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ending June 30, 2013

CHANGES IN CAPITAL ASSETS

7.1.12 Beginning Balance Capital Assets, net	\$ 4,265
Plus: New equipment purchases in current year	0
Less: Current period depreciation	<u>(1,403)</u>
6.30.13 Ending Balance Capital Assets, net	<u>\$ 2,862</u>

FINANCIAL CONTACT

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Executive Director:

Fulton County Housing Authority
 PO Box 564 / 824 Main Street
 Rochester, IN 46975
 574.223.2733

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF JUNE 30, 2013**

<u>ASSETS</u>	<u>Proprietary Funds</u>
Cash and cash equivalents - operating	\$ 32,451
Cash and cash equivalents - restricted	70,189
Receivables - net	17,251
Prepaid expenses	<u>1,583</u>
Capital assets:	
Land, land improvements and construction in progress	\$ 0
Other capital assets, net of depreciation	<u>2,862</u>
Total Capital Assets	<u>\$ 2,862</u>
Invested in Joint Venture	<u>\$ 99,937</u>
Total Assets	<u>\$ 224,273</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 224,273</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 1,735
Other liabilities	<u>741</u>
Total Liabilities	<u>\$ 2,476</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 0</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 2,862
Restricted	69,745
Unrestricted	<u>149,190</u>
Total Net Position	<u>\$ 221,797</u>
TOTAL	<u><u>\$ 224,273</u></u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2013**

<u>Operating Income</u>	<u>Proprietary Funds</u>
HUD grants - operating	\$ 770,526
Fraud recovery	5,580
Other revenue	<u>5,757</u>
Total Operating Income	<u>\$ 781,863</u>
<u>Operating Expenses</u>	
Administration	\$ 95,063
General expense	6,935
Housing assistance payments	695,806
Depreciation	1,403
Fraud losses	<u>-1,251</u>
Total Operating Expenses	<u>\$ 797,956</u>
Net Operating Income (Loss)	\$ -16,093
<u>Nonoperating Income (Expense)</u>	
Interest income	<u>195</u>
Changes in net position	\$ -15,898
Prior period adjustments	-210
Net position, beginning of year	<u>237,905</u>
Net position, end of year	<u><u>\$ 221,797</u></u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2013**

<u>Operating Activities</u>	Proprietary Funds
Operating grants	\$ 770,970
Other revenue	11,337
Housing assistance payments	-695,806
Payments to employees	-60,222
Payments to suppliers and contractors	<u>-43,661</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -17,382</u>
 <u>Investing Activities</u>	
Investments (purchased) redeemed	\$ 18
Interest income	<u>195</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 213</u>
Net Change in Cash	\$ -17,169
Cash Balance at June 30, 2012	<u>119,809</u>
Cash Balance at June 30, 2013	<u>\$ 102,640</u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2013**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>Proprietary Funds</u>
Net operating income (loss)	\$ -16,093
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	1,403
Adjustments to net position	-210
(Increase) decrease in accounts receivable	-1,170
(Increase) decrease in deferred charges	84
Increase (decrease) in accounts payable	-149
Increase (decrease) in other liabilities	<u>-1,247</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -17,382</u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Fulton County Housing Authority was established by the County 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 County of Fulton and concluded that the County does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the County, 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 County government. Debt incurred by the Authority is not an obligation of the County; the County 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 County Board, and has governance responsibilities over all activities related to all housing activities within the County. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the County, 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 Fulton County Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has one component unit.

(b) Invested in Joint Venture - Component Unit

The Housing Authority's component unit, Rochester Affordable Housing, Inc. entered into a limited partnership agreement for purpose of constructing and managing a 56 unit complex of 1, 2 and 3 bedroom apartments. The partnership has received tax credits from the State of Indiana. The Rochester Affordable Housing, Inc. holds a 1% general partnership interest, the remaining 99% is held by limited partners interests.

Partnership - Arbor Wood Apartments L.P.

\$ 99,937

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) 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.

(d) 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.

(e) Funds -

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

- * Housing Choice Vouchers
- * Component Unit/Joint Venture

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.

(f) 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.

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) 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 position and have been eliminated in the basic financial statements.

(h) Fixed Assets -

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

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.

Equipment is 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:

Equipment	5-7	years
Furniture and fixtures	7	years

(I) Net Position -

GASB Statement 63 requires the classification of net position into three components as defined below:

- 1) Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction or improvement of those assets.
- 2) Restricted - restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) Unrestricted - amounts not required to be reported in the other components of net position.

(j) Income Tax -

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

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(k) Annual Contributions/Subsidies and Other Grants

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

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

- (l) The Housing Authority adopts a budget annually. The budgets is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval.
- (m)The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(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>
Voucher	\$ 83,119	\$ 83,539
Component Unit	<u>19,521</u>	<u>19,521</u>
Total	<u>\$ 102,640</u>	<u>\$ 103,060</u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 3 - Compensated Absences

Sick Days

Employees are eligible to earn one (1) sick day after each month of employment following the first year of employment; these days may be carried over each year, with a maximum of 30 days total. Sick leave is not paid out upon separation.

Vacation Days

Employees are eligible for paid vacations according to the following schedule:

After one year employment	10 days
After ten year employment	15 days
Each year thereafter	1 additional day
Maximum paid vacation time is 25 days	

Unused vacation days are lost if not used by the end of the fiscal year (June 30th).

Note 4 - Post-Employment Benefits

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

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - PHA projects	\$ 895
Fraud recovery	17,447
Allowance for doubtful accounts - fraud	-1,745
Security deposit loan (net)	<u>654</u>
Total	<u>\$ 17,251</u>

Note 6 - Prepaid Expenses

This classification includes the following:

Prepaid insurance	<u>\$ 1,583</u>
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Note 7 - Capital Assets

Balance as of June 30, 2013	\$ 2,862
Balance as of June 30, 2012	<u>4,265</u>
Net Increase (Decrease)	<u>\$ -1,403</u>

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 7 - Capital Assets (Continued)

Current year depreciation expense \$ -1,403

<u>Analysis</u>	<u>07/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>06/30/2013 Balance</u>
Equipment and furniture	\$ 8,834	\$ 0	\$ 2,000	\$ 6,834
Accumulated depreciation	<u>-4,569</u>	<u>2,000</u>	<u>1,403</u>	* <u>-3,972</u>
Net Assets	<u>\$ 4,265</u>	<u>\$ 2,000</u>	<u>\$ 3,403</u>	<u>\$ 2,862</u>

* Current year depreciation expense.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 1,261
Accounts payable - HUD interest	444
Other current liabilities	<u>30</u>
Total	<u>\$ 1,735</u>

Note 9 - Other Liabilities

Accrued liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable \$ 741

Note 10 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on an annual basis.

Note 11 - 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.

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2013
(CONTINUED)**

Note 12 - Prior Period Adjustments

Prior period adjustments posted directly to net position are detailed below:

Prior year HUD interest due to HUD for January to June 2012	\$ -192
Partnership loss from year 2012	<u>-18</u>
Total	<u><u>\$ -210</u></u>

Note 13 - 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 14 - Economic Dependency

The Housing Authority received most of its revenue (98.5 %) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 15 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	<u><u>\$ 69,745</u></u>
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SUPPLEMENTAL DATA

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2013**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Housing Choice Voucher Program*	14.871	C-2014	FYE 06/30/13	\$ 770,526	\$ 770,526	\$ 770,526
Total Housing Assistance				<u>\$ 770,526</u>	<u>\$ 770,526</u>	<u>\$ 770,526</u>

*Denotes major program



**Independent Auditor's 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
Fulton County Housing Authority
Rochester, Indiana

I have audited in accordance with the 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, the financial statements of the Fulton County Housing Authority, which comprise the statement of net position as of June 30, 2013, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Fulton County Housing Authority's basic financial statements and have issued my report thereon dated September 5, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Fulton County Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Fulton County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fulton County Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fulton County Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

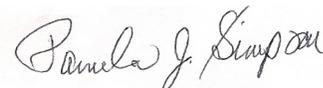
Compliance and Other Matters

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

I noted certain matters that I reported to the management of the Fulton County Housing Authority in a separate letter dated September 5, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fulton County Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fulton County Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois
September 5, 2013



**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Commissioners
Fulton County Housing Authority
Rochester, Indiana

Report on Compliance for Each Major Program

I have audited the Fulton County Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Fulton County Housing Authority's major federal programs for the year ended June 30, 2013. The Fulton County 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Fulton County Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. 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 (OMB Circular A-133)*. Those standards and *OMB Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Fulton County 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 on compliance for each major program. However, my audit does not provide a legal determination of the Fulton County Housing Authority's compliance.

Opinion on Each Major Program

In my opinion, the Fulton County Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of my auditing procedures also disclosed no immaterial instances of noncompliance which are to be reported in accordance with *OMB Circular A-133*. My opinion is not modified with respect to this matter.

I noted certain matters that I reported to the management of the Fulton County Housing Authority in a separate letter dated September 5, 2013.

Report on Internal Control Over Compliance

Management of the Fulton County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Fulton County Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Fulton County Housing Authority's internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of my testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Decatur, Illinois
September 5, 2013



Certified Public Accountant

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2012 contained no findings.

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

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

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Kim Benzing, Executive Director, during the course of the audit or at an exit conference held September 5, 2013.

Section III - Federal Award Findings and Questioned Costs

There were no federal awards audit findings and questioned costs discussed with Kim Benzing, Executive Director, during the course of the audit or at an exit conference held September 5, 2013.

**FULTON COUNTY HOUSING AUTHORITY
ROCHESTER, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2013**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1) Cash - unrestricted	1111.10	\$ 30.00		1111.10
A/P - other	----		\$ 30.00	----
(To reverse posting of check #10150 for the nine unused vacation days)				
(2) Interest income - HAP reserve	3610	\$ 251.92		2841.1
Net restricted assets - HAP	2841.1		\$ 251.92	2841.1
(To reclassify off interest payable to HUD for FYE 2013)				
<u>Component Unit</u>				
(1) Retained earnings/FCHAI	3841.1	\$ 5,100.00		2841.1
Developer fees	3690		\$ 5,100.00	2841.1
(To reclassify deposits into a revenue account)				

Fulton County Housing Authority (IN069)
Rochester, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	14,871 Housing Choice Vouchers	6 Component Units	Subtotal	Total
111 Cash - Unrestricted	\$12,930	\$19,521	\$32,451	\$32,451
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$69,745		\$69,745	\$69,745
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities	\$444		\$444	\$444
100 Total Cash	\$83,119	\$19,521	\$102,640	\$102,640
121 Accounts Receivable - PHA Projects	\$895		\$895	\$895
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts -Tenants				
126.2 Allowance for Doubtful Accounts - Other	-\$72	\$0	-\$72	-\$72
127 Notes, Loans, & Mortgages Receivable - Current	\$726		\$726	\$726
128 Fraud Recovery	\$17,447		\$17,447	\$17,447
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,745		-\$1,745	-\$1,745
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,251	\$0	\$17,251	\$17,251
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$1,583		\$1,583	\$1,583
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$101,953	\$19,521	\$121,474	\$121,474
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$6,834		\$6,834	\$6,834
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$3,972		-\$3,972	-\$3,972
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,862	\$0	\$2,862	\$2,862
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		\$99,937	\$99,937	\$99,937
180 Total Non-Current Assets	\$2,862	\$99,937	\$102,799	\$102,799
190 Total Assets	\$104,815	\$119,458	\$224,273	\$224,273

Fulton County Housing Authority (IN069)

Rochester, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	14,871 Housing Choice Vouchers	6 Component Units	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,261		\$1,261	\$1,261
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$741		\$741	\$741
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$444		\$444	\$444
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Deferred Revenues				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$30		\$30	\$30
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$2,476	\$0	\$2,476	\$2,476
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	\$0
300 Total Liabilities	\$2,476	\$0	\$2,476	\$2,476
508.1 Invested In Capital Assets, Net of Related Debt	\$2,862		\$2,862	\$2,862
511.1 Restricted Net Assets	\$69,745		\$69,745	\$69,745
512.1 Unrestricted Net Assets	\$29,732	\$119,458	\$149,190	\$149,190
513 Total Equity/Net Assets	\$102,339	\$119,458	\$221,797	\$221,797
600 Total Liabilities and Equity/Net Assets	\$104,815	\$119,458	\$224,273	\$224,273

Fulton County Housing Authority (IN069)
Rochester, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	14,871 Housing Choice Vouchers	6 Component Units	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$770,526		\$770,526	\$770,526
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$155	\$40	\$195	\$195
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$5,580		\$5,580	\$5,580
71500 Other Revenue	\$657	\$5,100	\$5,757	\$5,757
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$0		\$0	\$0
70000 Total Revenue	\$776,918	\$5,140	\$782,058	\$782,058
91100 Administrative Salaries	\$55,033		\$55,033	\$55,033
91200 Auditing Fees	\$2,935		\$2,935	\$2,935
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$156		\$156	\$156
91500 Employee Benefit contributions - Administrative	\$4,137		\$4,137	\$4,137
91600 Office Expenses	\$27,062		\$27,062	\$27,062
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$5,740		\$5,740	\$5,740
91000 Total Operating - Administrative	\$95,063	\$0	\$95,063	\$95,063
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0

Fulton County Housing Authority (IN069)
Rochester, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	14,871 Housing Choice Vouchers	6 Component Units	Subtotal	Total
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance	\$1,568		\$1,568	\$1,568
96130 Workmen's Compensation	\$915		\$915	\$915
96140 All Other Insurance	\$510		\$510	\$510
96100 Total insurance Premiums	\$2,993	\$0	\$2,993	\$2,993
96200 Other General Expenses				
96210 Compensated Absences	\$3,942		\$3,942	\$3,942
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$3,942	\$0	\$3,942	\$3,942
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$101,998	\$0	\$101,998	\$101,998
97000 Excess of Operating Revenue over Operating Expenses	\$674,920	\$5,140	\$680,060	\$680,060

Fulton County Housing Authority (IN069)
Rochester, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	14,871 Housing Choice Vouchers	6 Component Units	Subtotal	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$695,806		\$695,806	\$695,806
97350 HAP Portability-In				
97400 Depreciation Expense	\$1,403		\$1,403	\$1,403
97500 Fraud Losses	-\$1,251		-\$1,251	-\$1,251
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$797,956	\$0	\$797,956	\$797,956
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$21,038	\$5,140	-\$15,898	-\$15,898
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$123,569	\$114,336	\$237,905	\$237,905
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$192	-\$18	-\$210	-\$210
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	\$32,594		\$32,594	\$32,594
11180 Housing Assistance Payments Equity	\$69,745		\$69,745	\$69,745
11190 Unit Months Available	2100		2100	2100
11210 Number of Unit Months Leased	2030		2030	2030
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				



Board of Commissioners
Fulton County Housing Authority
Rochester, Indiana

In planning and performing my audit of the financial statements of Fulton County Housing Authority as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's 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 Fulton County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Fulton County 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 or disposition and that transactions are executed in accordance with authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

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

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

1. While reviewing fraud recovery receivables, I determined that some accounts were not being collected. The Housing Authority was not able to obtain a signed repayment agreements from some of those participants. I suggest that those participants accounts be filed with Small Claims Court, so that collection action can be enforced.
2. While reviewing the current depreciation schedule it was noted that some assets still owned by the Authority had been reviewed from the detailed asset listing. It was determined that assets that are fully depreciated are being removed from depreciation schedule without being sold, traded or disposed of. The Housing Authority should review this 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 5, 2013