



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43640

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

June 6, 2014

Board of Directors  
Fremont Housing Authority  
3160 Spring Street  
Fremont, IN 46737

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2012 to March 31, 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 Fremont Housing Authority, as of March 31, 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

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

---

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

---

**TWELVE MONTHS ENDED MARCH 31, 2013**

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**TABLE OF CONTENTS**

Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position as of March 31, 2013 .....	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Twelve Months Ended March 31, 2013 .....	9
Statement of Cash Flows - Twelve Months Ended March 31, 2013 .....	10
Notes to Financial Statements .....	12
<b>SUPPLEMENTAL DATA</b>	
Schedule of Expenditure of Federal Awards .....	22
PHA's Statement and Certification of Actual Modernization Cost - Phase IN36S085501-09 .....	23
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 .....	24
Status of Prior Audit Findings .....	26
Schedule of Findings and Questioned Costs - Summary .....	27
Current Findings, Recommendations and Replies .....	28
Schedule of Adjusting Journal Entries .....	29
Financial Data Schedule - REAC Electronic Submission .....	30

Independent Auditor's Report

Board of Commissioners  
Fremont Housing Authority  
Fremont, Indiana

I have audited the accompanying financial statements of the Fremont Housing Authority, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Fremont 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 Fremont 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 Fremont 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 Fremont Housing Authority, as of March 31, 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 7 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 Fremont 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 30 to 34 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 3, 2013 on my consideration of the Fremont 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.



Certified Public Accountant

Decatur, Illinois  
September 3, 2013

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013**

3

As management of the Fremont Housing Authority (the 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 March 31, 2013. We encourage readers to consider the information presented in conjunction with the Housing Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Rejeania Frasier, Executive Director, Fremont Housing Authority, P. O. Box 189, Fremont, Indiana, (260) 495-2422.

**FINANCIAL HIGHLIGHTS**

The Authority's unrestricted cash balance at March 31, 2013 was \$67,173, representing a decrease of \$39,154 from March 31, 2012.

The total assets were \$1,095,457 at the fiscal year ending March 31, 2013, a decrease of \$62,482.

The Authority had total revenues of \$119,499, comprised of Department of Housing and Urban Development (HUD) operating subsidy of \$15,738, tenant income of \$103,053 and interest income of \$708 for the year ended March 31, 2013.

The Authority had General Fund Investments a total of \$273,674 at the fiscal year ended March 31, 2013, an increase of \$6,559.

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

**Future Events (New Business)**

There are no future events planned by the Authority during the fiscal year ending March 31, 2014 that will significantly affect the Authority's Net Assets either positively or negatively.

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013**

4

**CONDENSED COMPARATIVE FINANCIAL STATEMENTS**

*Analysis of Entity Wide Net Position*

**Total Assets** for FYE 2013 was \$1,095,457 and at FYE 2012 the amount was \$1,157,939. This represents a net decrease of \$62,482.

**Cash** increased by \$6,018 or 5% due to basic operations.

**Other Current Assets** increased by \$9,964.

**Capital Assets** decreased by \$78,464. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** increased by \$2,805.

The table below illustrates our analysis:

	<u>2013</u>	<u>2012</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	117,876	111,858	6,018	5%
Other Current Assets	284,352	274,388	9,964	4%
Capital Assets	693,229	771,693	(78,464)	-10%
<b>Total Assets</b>	<b>1,095,457</b>	<b>1,157,939</b>	<b>(62,482)</b>	<b>-5%</b>
Deferred Outflows of Resources	0	0	0	0%
<b>TOTAL</b>	<b>1,095,457</b>	<b>1,157,939</b>	<b>(62,482)</b>	<b>-5%</b>
Current Liabilities	23,005	20,200	2,805	14%
Noncurrent Liabilities	0	0	0	0%
<b>Total Liabilities</b>	<b>23,005</b>	<b>20,200</b>	<b>2,805</b>	<b>14%</b>
Deferred Inflows of Resources	45,071	0	45,071	0%
Net Investment in Capital Assets	693,229	771,693	(78,464)	-10%
Restricted	0	0	0	0%
Unrestricted	334,152	366,046	(31,894)	-9%
<b>Total Net Position</b>	<b>1,027,381</b>	<b>1,137,739</b>	<b>(110,358)</b>	<b>-10%</b>
<b>TOTAL</b>	<b>1,095,457</b>	<b>1,157,939</b>	<b>(62,482)</b>	<b>-5%</b>

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013**

**ANALYSIS OF ENTITY WIDE REVENUES**

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2013 were as follows:

<b><u>Program</u></b>	<b><u>Revenues Generated</u></b>
Low Income Public Housing	\$115,499
Capital Fund Grant Program	\$4,000

Total revenues for Fiscal Year Ending March 31, 2013 were \$119,499 as compared to the total revenues for Fiscal Year Ending March 31, 2012 of \$193,311. Comparatively, FYE 2012 revenues were more than FYE 2013 revenues by \$73,812 due to decreases in operating and capital grants.

	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>Net Change</u></b>	<b><u>Percent Variances</u></b>
Tenant Revenue	103,053	104,118	(1,065)	-1%
HUD Operating Grants	15,738	46,826	(31,088)	-66%
HUD Capital Grants	0	41,610	(41,610)	-100%
Investment Income	708	757	(49)	-7%
<b>Total Revenue</b>	<b><u>\$119,499</u></b>	<b><u>\$193,311</u></b>	<b><u>(\$73,812)</u></b>	<b><u>-38%</u></b>

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013**

6

**ANALYSIS OF ENTITY WIDE EXPENDITURES**

**Total Expenditures** for Fiscal Year Ending March 31, 2013 were \$229,857 as compared to \$233,085 of total expenditures for Fiscal Year Ending March 31, 2012. Comparatively, Fiscal Year Ending 2012 expenditures were more than Fiscal Year Ending 2013 expenditures by \$3,228. Changes by major expense category will be presented below.

**Administrative** expenditures increased only \$1,203.

**Tenant Services** increased by \$25.

**Utilities** increased by \$253 due to normal increases in utility costs and fluctuations in usage.

**Maintenance** expenditures decreased by 8,011 or 22%. This was due to a decrease in contract costs.

**General Expenses** had a slight increase of \$151.

The table below illustrates our analysis:

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	63,157	61,954	1,203	2%
Tenant Services	975	950	25	3%
Utilities	16,925	16,672	253	2%
Maintenance Expense	28,445	36,456	(8,011)	-22%
General Expense	21,287	21,136	151	1%
Depreciation Expense	99,068	95,917	3,151	3%
<b>Total Expenses</b>	<b><u>\$229,857</u></b>	<b><u>\$233,085</u></b>	<b><u>(\$3,228)</u></b>	<b><u>-1%</u></b>

**FREMONT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2013**

**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.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved. The Authority is permitted four years to expend these funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budgeted is equal to the actual expense.

**ANALYSIS OF CAPITAL ASSET ACTIVITY**

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>Percent Variances</u>
Land	22,000	22,000	0	0%
Buildings	2,219,742	2,210,511	9,231	0%
Furniture & Equipment-Dwellings	31,846	30,985	861	3%
Furniture & Equipment-Admin	29,398	22,471	6,927	31%
Leasehold improvements	66,417	66,417	0	0%
<b>Total Fixed Assets</b>	<b>2,369,403</b>	<b>2,352,384</b>	<b>17,019</b>	<b>1%</b>
Accumulated Depreciation	-1,676,174	-1,580,691	95,483	6%
<b>Net Fixed Assets</b>	<b>693,229</b>	<b>771,693</b>	<b>(78,464)</b>	<b>-10%</b>

**OUTSTANDING DEBT**

The Housing authority had no debt outstanding at the end of 2013 or 2012.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
AS OF MARCH 31, 2013**

**ASSETS**

Cash - unrestricted	\$	67,173
Cash - restricted		45,071
Cash - tenants security deposits		5,632
Investments		273,674
Prepaid expenses		10,678
Capital assets:		
Land, land improvements and construction in progress	\$	88,417
Other capital assets, net of depreciation		<u>604,812</u>
Net Capital Assets		<u>\$ 693,229</u>
Total Assets		<u>\$ 1,095,457</u>

**DEFERRED OUTFLOWS OF RESOURCES** \$ 0

**TOTAL** \$ 1,095,457

**LIABILITIES**

Accounts payable	\$	9,255
Accrued liabilities		<u>13,750</u>
Total Liabilities		<u>\$ 23,005</u>

**DEFERRED INFLOWS OF RESOURCES (Note 12)** \$ 45,071

**NET POSITION**

Net investment in capital assets	\$	693,229
Unrestricted		<u>334,152</u>
Total Net Position		<u>\$ 1,027,381</u>

**TOTAL** \$ 1,095,457

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2013**

Operating Income

Tenant rental revenue	\$ 98,953
Tenant revenue - other	<u>4,100</u>
Total Rental Revenue	\$ 103,053
HUD grants - operating	<u>15,738</u>
Total Operating Income	<u>\$ 118,791</u>

Operating Expenses

Administration	\$ 63,157
Tenant services	975
Utilities	16,925
Ordinary maintenance and operation	28,445
General expense	21,287
Depreciation	<u>99,068</u>
Total Operating Expenses	<u>\$ 229,857</u>
Net Operating Income (Loss)	\$ -111,066

Nonoperating Income (Expense)

Interest income	<u>708</u>
Total Nonoperating Income (Expense)	<u>\$ 708</u>
Changes in net position	\$ -110,358
Net position, beginning of year	<u>1,137,739</u>
Net position, end of year	<u><u>\$ 1,027,381</u></u>

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2013**

Operating Activities

Operating grants	\$ 60,809
Tenant revenue	103,154
Payments to employees	-60,029
Payments to suppliers and contractors	<u>-71,494</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 32,440</u>

Investing Activities

Investments (purchased) redeemed	\$ -6,559
Interest income	<u>741</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -5,818</u>

Capital and Related Financing Activities

Capital fund grants	\$ 0
(Additions) deletions of fixed assets	<u>-20,604</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -20,604</u>

Net Change in Cash	\$ 6,018
Cash Balance at March 31, 2012	<u>111,858</u>
Cash Balance at March 31, 2013	<u><u>\$ 117,876</u></u>

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2013**

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

Net operating income (loss)	\$ -111,066
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	99,068
(Increase) decrease in prepaid expenses	-3,438
Increase (decrease) in accounts payable	1,837
Increase (decrease) in accrued liabilities	968
Increase (decrease) in inflows of resources	<u>45,071</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 32,440</u>

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Fremont Housing Authority was established by the City of Fremont 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 Fremont and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Mayor, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Fremont Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

Prior to April 1, 1999, the records of the Housing Authority were maintained on an accrual basis in accordance with the accounting procedures prescribed by the Department of Housing and Urban Development as outlined in the Low-Rent Housing, Accounting Handbook, HM 7510.1. These practices differ in some respects from generally accepted accounting principles. As of October 1, 1998, the Department of Housing and Urban Development mandated that all housing authorities prepare financial statements in conformity with generally accepted accounting principles (GAAP).

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.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although no formal policy has been adopted, the Authority distinguishes operating revenues and expenses from non-operating items when preparing financial statements. 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 and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

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

- \* Low Rent Public Housing
- \* Capital Fund Program

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

*Proprietary Fund Types:*

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers 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. This is the practice followed by the Housing Authority, although no formal policy has been adopted.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2013, 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) Investments -

Investments are stated at cost which approximates market.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	40	years
Equipment	3 - 10	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.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(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 approved by the Board of Commissions. Subsequent budget revisions must also be approved.

(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.

(n) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

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

(p) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

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

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

*Custodial Credit Risk*

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

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

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

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

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

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

- Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.
- Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	<u>\$ 117,876</u>	<u>\$ 119,778</u>

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

- Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.
- Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 273,674</u>	<u>\$ 273,674</u>

Note 3 - Compensated Absences

Vacation leave with pay shall be earned by all regular full time employees at specified rates. Employees may accrue vacation leave up to twenty working days maximum. An employee who is permanently separated shall be paid in a lump sum for any accumulated vacation leave at his current rate of pay, except where his dismissal is due to malfeasance. Employees may be paid for leave taken because of illness. Sick leave may be accumulated at the rate of one day per month, with a maximum accumulation not to exceed 30 days. In no event shall an employee be paid for sick leave not taken.

Note 4 - Defined Contribution Plan

The PHA funds a SEP-IRA plan with Farm Bureau Insurance Company for the Executive Director. The contribution is approved annually. During the current year, the PHA made one contribution for \$1,882 and two contributions were provided for the part time employees of \$678 or 10% of salary.

Note 5 - 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.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 6 - Investments

At March 31, 2013 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Savings	0.01%	\$ 226,782	\$ 226,782
Certificates of deposit	0.05%	<u>46,892</u>	<u>46,892</u>
Total		<u>\$ 273,674</u>	<u>\$ 273,674</u>

Note 7 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	<u>\$ 10,678</u>
-------------------	------------------

Note 8 - Capital Assets

Balance as of March 31, 2013	\$ 693,229
Balance as of March 31, 2012	<u>771,693</u>
Net Increase (Decrease)	<u>\$ -78,464</u>

Reconciliation

Betterments and additions	\$ 9,231
Replacement of equipment	11,373
Current year depreciation expense	<u>-99,068</u> *
Net Increase (Decrease)	<u>\$ -78,464</u>

Analysis

	<u>04/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2013 Balance</u>
Land	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Buildings	2,210,511	9,231	0	2,219,742
Equipment and furniture	53,456	11,373	3,585	61,244
Leasehold improvements	<u>66,417</u>	<u>0</u>	<u>0</u>	<u>66,417</u>
Total	\$ 2,352,384	\$ 20,604	\$ 3,585	\$ 2,369,403
Accumulated depreciation	<u>-1,580,691</u>	<u>3,585</u>	<u>99,068</u> *	<u>-1,676,174</u>
Net Assets	<u>\$ 771,693</u>	<u>\$ 24,189</u>	<u>\$ 102,653</u>	<u>\$ 693,229</u>

\*Current year depreciation expense recognized.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 3,623
Tenants security deposits	<u>5,632</u>
Total	<u>\$ 9,255</u>

Note 10 - Notes Payable

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

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

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

Note 11 - Other Liabilities

Accrued liabilities consists of the following:

Wages/payroll taxes payable	\$ 1,744
Earned compensated absences	2,208
Payment in lieu of taxes	8,203
Utilities payable	<u>1,595</u>
Total	<u>\$ 13,750</u>

Note 12 - Deferred Inflows of Resources

HUD - CFP grants	<u>\$ 45,071</u>
------------------	------------------

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2013  
(CONTINUED)**

Note 13 - Contingencies

Federal Grants

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

Note 14 - Contracts/Commitments

As of March 31, 2013, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-08	\$ 49,071	\$ 4,000
CFP 501-09	48,556	0
CFP 501-11	41,550	0
CFP 501-12	<u>37,429</u>	<u>0</u>
Total	<u>\$ 176,606</u>	<u>\$ 4,000</u>

Note 15 - Risk Management

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

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

Note 16 - Economic Dependency

The Housing Authority received a significant portion of its revenue (13%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 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:						
Public and Indian Housing	14.850a	C-2084	FYE 03/31/13	\$ 11,738	\$ 11,738	\$ 11,738
Public Housing - Capital Fund	14.872	C-2084	FYE 03/31/13	\$ 49,071	\$ 4,000	\$ 4,000
Total Housing Assistance				<u>\$ 60,809</u>	<u>\$ 15,738</u>	<u>\$ 15,738</u>

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PHASE IN36S085501-09**

1. The Actual Modernization Costs of Phase IN36S085501-09 are as follows:

Funds approved	\$ 62,114
Funds expended	<u>62,114</u>
Excess of Funds Approved	<u><u>0</u></u>
Funds advanced	
Grants	\$ 62,114
Funds expended	<u>62,114</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 February 8, 2012, 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.

**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  
Fremont Housing Authority  
Fremont, 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 Fremont Housing Authority, which comprise the statement of net position as of March 31, 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 Fremont Housing Authority's basic financial statements and have issued my report thereon dated September 3, 2013.

**Internal Control Over Financial Reporting**

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

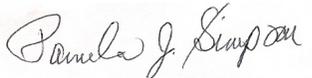
As part of obtaining reasonable assurance about whether the Fremont Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 Fremont Housing Authority in a separate letter dated March 31, 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 Fremont 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 Fremont Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois  
September 3, 2013

  
Certified Public Accountant

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended March 31, 2012 contained no findings.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE TWELVE MONTHS ENDED MARCH 31, 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: N/A

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>
N/A	NONE

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

Auditee qualified as low-risk auditee? X\_\_\_\_\_ yes \_\_\_\_\_ no

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Audit Findings**

There were no financial statement audit findings discussed with Rejeania Frasier, Executive Director during the audit or at an exit conference held September 3, 2013.

**Section III - Federal Awards Audit Findings and Questioned Costs**

There were no federal awards audit findings or questioned costs discussed with Rejeania Frasier, Executive Director during the audit or at an exit conference held September 3, 2013.

**FREMONT HOUSING AUTHORITY  
FREMONT, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
MARCH 31, 2013**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accumulated depreciation	1400.05	\$ 3,585.09		1400.05
Furniture, equipment and Maintenance - admin	1400.09		\$ 3,585.09	1400.09
(To write off assets on depreciation schedule lines #119, #122 and #134-149; per board minutes)				

## Fremont Housing Authority (IN085)

Fremont, IN

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$67,173	\$67,173	\$67,173
112 Cash - Restricted - Modernization and Development	\$45,071	\$45,071	\$45,071
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$5,632	\$5,632	\$5,632
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$117,876	\$117,876	\$117,876
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0
131 Investments - Unrestricted	\$273,674	\$273,674	\$273,674
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$10,678	\$10,678	\$10,678
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$402,228	\$402,228	\$402,228
161 Land	\$22,000	\$22,000	\$22,000
162 Buildings	\$2,219,742	\$2,219,742	\$2,219,742
163 Furniture, Equipment & Machinery - Dwellings	\$31,846	\$31,846	\$31,846
164 Furniture, Equipment & Machinery - Administration	\$29,398	\$29,398	\$29,398
165 Leasehold Improvements	\$66,417	\$66,417	\$66,417
166 Accumulated Depreciation	-\$1,676,174	-\$1,676,174	-\$1,676,174
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$693,229	\$693,229	\$693,229
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$693,229	\$693,229	\$693,229
190 Total Assets	\$1,095,457	\$1,095,457	\$1,095,457

## Fremont Housing Authority (IN085)

Fremont, IN

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	Total
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$3,623	\$3,623	\$3,623
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1,744	\$1,744	\$1,744
322 Accrued Compensated Absences - Current Portion	\$2,208	\$2,208	\$2,208
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$8,203	\$8,203	\$8,203
341 Tenant Security Deposits	\$5,632	\$5,632	\$5,632
342 Deferred Revenues	\$45,071	\$45,071	\$45,071
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$1,595	\$1,595	\$1,595
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$68,076	\$68,076	\$68,076
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$68,076	\$68,076	\$68,076
508.1 Invested In Capital Assets, Net of Related Debt	\$693,229	\$693,229	\$693,229
511.1 Restricted Net Assets			
512.1 Unrestricted Net Assets	\$334,152	\$334,152	\$334,152
513 Total Equity/Net Assets	\$1,027,381	\$1,027,381	\$1,027,381
600 Total Liabilities and Equity/Net Assets	\$1,095,457	\$1,095,457	\$1,095,457

Fremont Housing Authority (IN085)  
Fremont, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$98,953	\$98,953	\$98,953
70400 Tenant Revenue - Other	\$4,100	\$4,100	\$4,100
70500 Total Tenant Revenue	\$103,053	\$103,053	\$103,053
70600 HUD PHA Operating Grants	\$15,738	\$15,738	\$15,738
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	\$708	\$708	\$708
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$119,499	\$119,499	\$119,499
91100 Administrative Salaries	\$48,259	\$48,259	\$48,259
91200 Auditing Fees	\$1,820	\$1,820	\$1,820
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$7,123	\$7,123	\$7,123
91600 Office Expenses	\$2,595	\$2,595	\$2,595
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$3,360	\$3,360	\$3,360
91000 Total Operating - Administrative	\$63,157	\$63,157	\$63,157
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$975	\$975	\$975
92500 Total Tenant Services	\$975	\$975	\$975

Fremont Housing Authority (IN085)  
Fremont, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	Total
93100 Water	\$5,408	\$5,408	\$5,408
93200 Electricity	\$9,957	\$9,957	\$9,957
93300 Gas	\$392	\$392	\$392
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$1,168	\$1,168	\$1,168
93000 Total Utilities	\$16,925	\$16,925	\$16,925
94100 Ordinary Maintenance and Operations - Labor	\$9,079	\$9,079	\$9,079
94200 Ordinary Maintenance and Operations - Materials and Other	\$4,415	\$4,415	\$4,415
94300 Ordinary Maintenance and Operations Contracts	\$13,672	\$13,672	\$13,672
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,279	\$1,279	\$1,279
94000 Total Maintenance	\$28,445	\$28,445	\$28,445
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
96110 Property Insurance	\$5,417	\$5,417	\$5,417
96120 Liability Insurance	\$1,973	\$1,973	\$1,973
96130 Workmen's Compensation	\$1,177	\$1,177	\$1,177
96140 All Other Insurance	\$2,309	\$2,309	\$2,309
96100 Total insurance Premiums	\$10,876	\$10,876	\$10,876
96200 Other General Expenses			
96210 Compensated Absences	\$2,208	\$2,208	\$2,208
96300 Payments in Lieu of Taxes	\$8,203	\$8,203	\$8,203
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$10,411	\$10,411	\$10,411
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$130,789	\$130,789	\$130,789
97000 Excess of Operating Revenue over Operating Expenses	-\$11,290	-\$11,290	-\$11,290

Fremont Housing Authority (IN085)  
Fremont, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	Total
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$99,068	\$99,068	\$99,068
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$229,857	\$229,857	\$229,857
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$110,358	-\$110,358	-\$110,358
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,137,739	\$1,137,739	\$1,137,739
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	480	480	480
11210 Number of Unit Months Leased	476	476	476
11270 Excess Cash	\$267,838	\$267,838	\$267,838
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$9,231	\$9,231	\$9,231
11630 Furniture & Equipment - Dwelling Purchases	\$861	\$861	\$861
11640 Furniture & Equipment - Administrative Purchases	\$10,512	\$10,512	\$10,512
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0



Board of Commissioners  
Fremont Housing Authority  
Fremont, Indiana

In planning and performing my audit of the financial statements of Fremont Housing Authority as of and for the year ended March 31, 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 Fremont Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Fremont Housing Authority's internal control.

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

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

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

1. Sound accounting practices require that the Housing Authority adopt a policy regarding the classification of cash and cash equivalents vs. investments. Generally accepted accounting procedures allow investments with a maturity date of six months or less at the time of purchase to be classified as cash equivalents (as opposed to investments) in your financial statements. The housing authority has not adopted a formal policy at this time, therefore, I recommend that the agency adopt a policy that coincides with their current practice.
2. During the preparation of financial statements, the housing authority has designated certain revenues and certain expenditures as 'operating' revenues or 'operating' expenditures and other accounts are designated as 'non operating'. I suggest that the Housing Authority adopt a formal policy that coincides with the current practice.

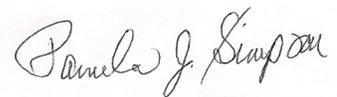
3. The Housing Authority's system of internal controls should be formally documented in a written internal control manual (handbook). Discussions with Housing Authority management indicate that the Housing Authority has a system of internal control in place, but without the policies being in writing and formally adopted, adherence to the procedures cannot always be verified.

The written policies should also cover the extent that outside consultants are used to enhance internal controls. The policies should include the detail of level of responsibility the fee accountant is assuming in the preparation and review of the year end financial statements as compared to the level of responsibility the housing authority is maintaining. The written procedures should indicate who will prepare and maintain copies of year end schedules, journal entries and reconciliations. However the Housing Authority management should keep in mind that you have the ultimate responsibility for preparation of accurate and complete financial statements.

In addition to the current informal policies being used, other policies you may want to consider would address: (a) approval of journal entries (hard copies should be initialed) (b) documentation of approval of payroll (payroll registers should be initialed) (c) credit card use (full explanation of the purpose of travel, meals and meetings attached to supporting invoices) (d) personal use of agency assets (such as automobile, cell phone, etc). The written policies should also cover the extent of use of outside consultants (fee accountants) are used to provide internal controls.

4. The Housing Authority was encouraged to adopt a formal written capitalization policy and to maintain a formal depreciation schedule in connection with assets capitalized.
5. The Housing Authority should research HUD regulations regarding tenants having pets. They should adopt a proper policy for their own tenants that corresponds to the regulations.
6. The current Executive Director's name needs to be added to the Employee Bond by replacing the previous Executive Director's name.

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 3, 2013