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June 9, 2014

Board of Directors
Greendale Housing Authority
P.O. Box 128
c/o QPM
Dillsboro, IN 47018

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2011 to March 31, 2012. 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 Greendale Housing Authority, as of March 31, 2012 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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2012

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

I have audited the accompanying financial statements of Greendale Housing Authority, as of and for the year ended March 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Greendale Housing Authority as of March 31, 2012 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 24, 2012, on my consideration of the Greendale Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 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 systems. 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.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greendale Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Greendale Housing Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents has been subjected to the auditing procedures and certain other additional procedures in accordance with auditing standards generally accepted in the United States of America . In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greendale Housing Authority's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, I do not express an opinion or provide any assurance on it.

Decatur, Illinois
July 24, 2012



Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

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As management of the Greendale 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 (FYE) March 31, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the management company Quality Property Managers (QPM) for Greendale Housing Authority, 489 Ludlow, Greendale, IN 47025, (812) 432-3230.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$692,938 (net assets).

The Authority's cash balance at March 31, 2012, was \$141,562 representing a decrease of \$9,918 from March 31, 2011.

The Authority had tenant generated operating revenues of \$159,010, Department of Housing and Urban Development (HUD) subsidy of \$103,414, other income of \$4,875 and interest income of \$1,748 for the year ending March 31, 2012.

As of March 31, 2012, the Authority's investment in capital assets was \$510,565 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment.

FUTURE EVENTS (NEW BUSINESS)

The Authority adopted an operating budget for FYE March 31, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

ENTITY WIDE FINANCIAL STATEMENTS

Total Current Assets for FYE 2011 were \$217,608, and at FYE 2012, the amount was \$213,668. This represents a decrease of \$3,940 due primarily to the decrease in cash.

Total Capital Assets decreased by \$80,680 due to depreciation expense.

Total Liabilities decreased by \$484 from \$31,295 at FYE 2012 to \$31,779 at FYE 2011.

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	<u>Percent Variances</u>
Current Assets	213,668	217,608	(3,940)	-2%
Capital Assets	510,565	591,245	(80,680)	-14%
Total Assets	724,233	808,853	(84,620)	-11%
Current Liabilities	31,295	31,779	(484)	-2%
Total Liabilities	31,295	31,779	(484)	-2%
Net Invested in Capital Assets	510,565	591,245	(80,680)	-14%
Restricted Net Assets	0	0	0	0%
Unrestricted Net Assets	182,373	185,829	(3,456)	-2%
Total Net Assets	692,938	777,074	(84,136)	-11%

Total revenues for Fiscal Year Ending March 31, 2011 were \$281,174 as compared to the total revenues for Fiscal Year Ending March 31, 2012 of \$269,047. Comparatively, Fiscal Year Ending 2012 revenues exceeded Fiscal Year Ending 2011 revenues by \$12,127.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage Change</u>
Tenant Revenue	159,010	156,370	2,640	2%
HUD Operating Grants	53,745	73,424	(19,679)	-27%
HUD Capital Grants	49,669	43,666	6,003	14%
Investment Income	1,748	3,027	(1,279)	-42%
Other Revenue	4,875	4,687	188	4%
Total Revenue	269,047	281,174	(12,127)	-4%

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2012**

Total expenditures for Fiscal Year Ending March 31, 2011 were \$365,668 as compared to \$350,156 of total expenditures for Fiscal Year Ending March 31, 2012. Comparatively, Fiscal Year Ending 2011 expenditures exceeded Fiscal Year Ending 2012 expenditures by \$15,512.

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	65,878	63,783	2,095	3%
Tenant Services	1,500	1,831	(331)	-18%
Utilities	31,964	34,560	(2,596)	-8%
Maintenance and Operation	94,195	108,425	(14,230)	-13%
General Expense	24,726	24,375	351	1%
Depreciation Expense	131,893	132,694	(801)	-1%
Total Expenses	<u>\$350,156</u>	<u>\$365,668</u>	<u>(15,512)</u>	<u>-4%</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

Accumulated Depreciation increased by \$132,694. This is the amount of current year depreciation expense.

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	104,520	104,520	0	0%
Buildings	1,894,139	1,888,015	6,124	0%
Equipment and furniture	616,441	571,353	45,088	8%
Leasehold Improvements	0	0	0	0%
Total Fixed Assets	<u>2,615,100</u>	<u>2,563,888</u>	<u>51,212</u>	<u>2%</u>
Accumulated Depreciation	2,104,535	1,972,643	131,892	7%
Net Fixed Assets	<u>510,565</u>	<u>591,245</u>	<u>(80,680)</u>	<u>-14%</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF MARCH 31, 2012**

ASSETS

CURRENT ASSETS

Cash	\$ 136,859
Investments	64,342
Inventory	3,625
Deferred charges	<u>4,139</u>

Total Current Assets \$ 208,965

RESTRICTED ASSETS

Restricted cash \$ 4,703

Total Restricted Assets \$ 4,703

CAPITAL ASSETS

Land, buildings and equipment	\$ 2,615,100
Less: Accumulated depreciation	<u>-2,104,535</u>

Total Capital Assets \$ 510,565

Total Assets \$ 724,233

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 13,888
Accrued liabilities	12,704
Deferred revenue	<u>4,703</u>

Total Current Liabilities \$ 31,295

NET ASSETS

Invested in capital assets	\$ 510,565
Unrestricted net assets	<u>182,373</u>

Total Net Assets \$ 692,938

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2012**

Operating Income

Tenant rental revenue	\$ <u>159,010</u>
Total Rental Income	\$ 159,010
HUD grants - operating	53,745
Other revenue	<u>4,875</u>
Total Operating Income	<u>\$ 217,630</u>

Operating Expenses

Administration	\$ 65,878
Tenant services	1,500
Utilities	31,964
Ordinary maintenance and operation	94,195
General expense	24,726
Depreciation	<u>131,893</u>
Total Operating Expenses	<u>\$ 350,156</u>
Net Operating Income (Loss)	\$ -132,526

Nonoperating Income (Expense)

Interest income	1,748
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Capital Contributions

Capital funds grants	<u>49,669</u>
Changes in net assets	\$ -81,109
Net assets, beginning of year	777,074
Prior period adjustments	<u>-3,027</u>
Net assets, end of year	<u><u>\$ 692,938</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2012**

Operating Activities

Operating grants	\$ 53,745
Tenant revenue	159,010
Other revenue	4,875
Payments to employees	-33,656
Payments to suppliers and contractors	<u>-193,047</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -9,073</u>

Investing Activities

Investments (purchased) redeemed	\$ -1,050
Interest income	<u>1,748</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 698</u>

Capital and Related Financing Activities

Capital fund grants	\$ 49,669
(Additions) deletions to fixed assets	<u>-51,212</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -1,543</u>

Net Change in Cash	\$ -9,918
Cash Balance at March 31, 2011	<u>151,480</u>
Cash Balance at March 31, 2012	<u><u>\$ 141,562</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2012**

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

Net operating income (loss)	\$ -132,526
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	131,893
Adjustments to net assets	-3,027
 (Increase) decrease in deferred charges	 -2,623
(Increase) decrease in inventories	-2,305
 Increase (decrease) in accounts payable	 161
Increase (decrease) in accrued liabilities	-1,126
Increase (decrease) in deferred revenues	<u>480</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ -9,073</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Greendale Housing Authority was established by the City of Greendale 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 Greendale and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Manager, is responsible for the activities of the Authority. The Authority recruits and employs a management company 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 Greendale Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Low Rent Public Housing
- * Capital Fund Program

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

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

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2012, 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

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

(h) Investments -

Investments are stated at cost which approximates market.

(i) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

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

Buildings	27.5	years
Equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	10	years

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Net Assets -

GASB Statement 34 requires the classification of net assets into three components as defined below:

- 1) Invested in capital assets, net of related debt - this component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues and unamortized debt expense reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2) Restricted - this component of net assets consist of constraints placed on net assets use through external constraints imposed by creditors, contributors or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(k) Income Tax -

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

(l) Annual Contributions/Subsidies and Other Grants

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

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

(m)The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted to the Board.

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

(o) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ <u>141,562</u>	\$ <u>145,716</u>

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>64,342</u>	\$ <u>64,342</u>

Note 3 - Investments

At March 31, 2012 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of deposit	1.66%	\$ <u>64,342</u>	\$ <u>64,342</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 4 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ <u>4,139</u>
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Note 5 - Fixed Assets

Balance as of March 31, 2012	\$ 510,565
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Balance as of March 31, 2011	<u>591,245</u>
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Net Increase (Decrease)	\$ <u>-80,680</u>
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Reconciliation

Property betterments and additions	\$ 51,212
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Rounding	1
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Current year depreciation expense	<u>-131,893</u> *
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Net Increase (Decrease)	\$ <u>-80,680</u>
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<u>Analysis</u>	<u>04/01/2011 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2012 Balance</u>
Land	\$ 104,520	\$ 0	\$ 0	\$ 104,520
Building	1,888,015	6,124	0	1,894,139
Equipment and furniture	571,353	45,088	0	616,441
Leasehold improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ 2,563,888	\$ 51,212	\$ 0	\$ 2,615,100
Accumulated depreciation	<u>-1,972,643</u>	<u>-131,893</u>	<u>-1</u> *	<u>-2,104,535</u>
Net Assets	<u>\$ 591,245</u>	<u>\$ -80,681</u>	<u>\$ -1</u>	<u>\$ 510,565</u>

*Current year depreciation recognized.

Note 5 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 2,711
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Tenants security deposits	8,594
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Accrued liabilities - other	<u>2,583</u>
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Total	\$ <u>13,888</u>
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 6 - Accrued Liabilities

Accrued liabilities consists of the following:

Accrued utilities	\$ <u>12,704</u>
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Note 7 - Deferred Revenues

Deferred revenues consist of the following:

Deferred - HUD grants	\$ <u>4,703</u>
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Note 8 - 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 9 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

To correct prior year deferred revenue	\$ <u>3,027</u>
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Note 10 - Contracts/Commitments

As of March 31, 2012, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-10	\$ <u>57,830</u>	\$ <u>17,437</u>

Note 11 - 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 of past three years.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2012
(CONTINUED)**

Note 12 - Economic Dependency

The Housing Authority received a significant portion of its revenue (38%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2012**

<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-2079	FYE 03/31/12	\$ 46,855	\$ 46,855	\$ 46,855
Public Housing - Capital Funds	14.872	C-2079	FYE 03/31/12	\$ 116,207	\$ 56,559	\$ 56,559
Total Housing Assistance				\$ 163,062	\$ 103,414	\$ 103,414

**Denotes audited as a major program.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P090501-09**

1. The Actual Modernization Costs of Phase IN36P090501-09 are as follows:

Funds approved	\$ 58,377
Funds expended	<u>58,377</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 58,377
Funds expended	<u>58,377</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 November 22, 2011, 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.

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
Greendale Housing Authority
Greendale, Indiana

I have audited the financial statements of Greendale Housing Authority as of and for the year ended March 31, 2012, and have issued my report thereon dated July 24, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of Greendale Housing Authority in a separate letter dated July 24, 2012.

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



Certified Public Accountant

Decatur, Illinois
July 24, 2012

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended March 31, 2011 contained no findings.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2012**

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>
NONE	

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

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statements Findings

There were no financial statement audit findings discussed with the Greendale Housing Authority's property management company (QPM) and a representative of the fee accounting firm during the course of the audit and at a conference held July 24, 2012.

Section III - Federal Award Findings

There were no federal award audit findings discussed with the Greendale Housing Authority's property management company (QPM) and a representative of the fee accounting firm during the course of the audit and at a conference held July 24, 2012.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2012**

<u>Capital Funds</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Current year HUD subsidy	8020	\$ 2,942.08		2802
CFP subsidy	3401		\$ 2,942.08	2802
(To reclassify July 2011 Capital Fund draw)				
(2)				
HUD PHA contributions	2802	\$ 51,251.86	\$ 43,666.58	2802
Revenue HUD PHA grants	3401	43,666.58	51,251.86	2802
(To reclassify current year transactions)				
(3)				
CFP operating transfer out		\$ 6,890.07		2802
LIPH - operating transfer in			\$ 6,890.07	2802
CFP subsidy - operating	3401		6,890.07	2802
CFP subsidy	3401	3,862.62		2802
CFP subsidy	3401	7,552.46		2802
Deferred revenue - CFP	2118.1		7,552.46	2118.1
Prior period adjustment	8010	3,027.45		2802
(To correct prior year deferred revenue and correct current year subsidy)				
(4)				
Prepaid insurance	1211	\$ 1,475.11		1211
Insurance expense	4510		\$ 1,475.11	2806
(To correct prepaid insurance per audited analysis)				
(5)				
Maintenance materials	4420	\$2,056.62		2806
Vendors and contractors	2111		\$ 2,056.62	2111
(Amounts still needing to be set up per search)				

Greendale Housing Authority (IN090)
GREENDALE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2012

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$123,733	\$123,733		\$123,733
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$13,126	\$13,126		\$13,126
115 Cash - Restricted for Payment of Current Liabilities	\$4,703	\$4,703		\$4,703
100 Total Cash	\$141,562	\$141,562	\$0	\$141,562
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	\$0
131 Investments - Unrestricted	\$64,342	\$64,342		\$64,342
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$4,139	\$4,139		\$4,139
143 Inventories	\$3,625	\$3,625		\$3,625
143.1 Allowance for Obsolete Inventories	\$0	\$0		\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$213,668	\$213,668	\$0	\$213,668
161 Land	\$104,520	\$104,520		\$104,520
162 Buildings	\$1,894,139	\$1,894,139		\$1,894,139
163 Furniture, Equipment & Machinery - Dwellings	\$484,586	\$484,586		\$484,586
164 Furniture, Equipment & Machinery - Administration	\$131,855	\$131,855		\$131,855
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$2,104,535	-\$2,104,535		-\$2,104,535
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$510,565	\$510,565	\$0	\$510,565
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	\$0	\$0		\$0
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$510,565	\$510,565	\$0	\$510,565
190 Total Assets	\$724,233	\$724,233	\$0	\$724,233

Greendale Housing Authority (IN090)
GREENDALE, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2012

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$2,711	\$2,711		\$2,711
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$12,704	\$12,704		\$12,704
341 Tenant Security Deposits	\$8,594	\$8,594		\$8,594
342 Deferred Revenues	\$4,703	\$4,703		\$4,703
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	\$2,583	\$2,583		\$2,583
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$31,295	\$31,295	\$0	\$31,295
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	\$31,295	\$31,295	\$0	\$31,295
508.1 Invested In Capital Assets, Net of Related Debt	\$510,565	\$510,565		\$510,565
509.2 Fund Balance Reserved				
511.2 Unreserved, Designated Fund Balance				
511.1 Restricted Net Assets				
512.1 Unrestricted Net Assets	\$182,373	\$182,373		\$182,373
512.2 Unreserved, Undesignated Fund Balance				
513 Total Equity/Net Assets	\$692,938	\$692,938	\$0	\$692,938
600 Total Liabilities and Equity/Net Assets	\$724,233	\$724,233	\$0	\$724,233

Greendale Housing Authority (IN090)
 GREENDALE, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2012

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$159,010	\$159,010		\$159,010
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$159,010	\$159,010	\$0	\$159,010
70600 HUD PHA Operating Grants	\$53,745	\$53,745		\$53,745
70610 Capital Grants	\$49,669	\$49,669		\$49,669
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,748	\$1,748		\$1,748
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	\$4,875	\$4,875		\$4,875
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$269,047	\$269,047	\$0	\$269,047
91100 Administrative Salaries				
91200 Auditing Fees	\$3,865	\$3,865		\$3,865
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative				
91600 Office Expenses	\$4,913	\$4,913		\$4,913
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$57,100	\$57,100		\$57,100
91000 Total Operating - Administrative	\$65,878	\$65,878	\$0	\$65,878
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$1,500	\$1,500		\$1,500
92500 Total Tenant Services	\$1,500	\$1,500	\$0	\$1,500

Greendale Housing Authority (IN090)
 GREENDALE, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2012

	Project Total	Subtotal	ELIM	Total
93100 Water	\$7,440	\$7,440		\$7,440
93200 Electricity	\$12,009	\$12,009		\$12,009
93300 Gas	\$10,279	\$10,279		\$10,279
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$2,236	\$2,236		\$2,236
93000 Total Utilities	\$31,964	\$31,964	\$0	\$31,964
94100 Ordinary Maintenance and Operations - Labor	\$33,656	\$33,656		\$33,656
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,787	\$6,787		\$6,787
94300 Ordinary Maintenance and Operations Contracts	\$53,752	\$53,752		\$53,752
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$94,195	\$94,195	\$0	\$94,195
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	\$10,700	\$10,700		\$10,700
96120 Liability Insurance	\$997	\$997		\$997
96130 Workmen's Compensation				
96140 All Other Insurance	\$324	\$324		\$324
96100 Total insurance Premiums	\$12,021	\$12,021	\$0	\$12,021
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$12,705	\$12,705		\$12,705
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$12,705	\$12,705	\$0	\$12,705
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	\$218,263	\$218,263	\$0	\$218,263
97000 Excess of Operating Revenue over Operating Expenses	\$50,784	\$50,784	\$0	\$50,784

Greendale Housing Authority (IN090)
 GREENDALE, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2012

	Project Total	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$131,893	\$131,893		\$131,893
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$350,156	\$350,156	\$0	\$350,156
10010 Operating Transfer In	\$6,890	\$6,890	-\$6,890	\$0
10020 Operating transfer Out	-\$6,890	-\$6,890	\$6,890	\$0
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	-\$81,109	-\$81,109	\$0	-\$81,109
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$777,074	\$777,074		\$777,074
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$3,027	-\$3,027		-\$3,027
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	600	600		600
11210 Number of Unit Months Leased	595	595		595
11270 Excess Cash	\$156,421	\$156,421		\$156,421
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$39,780	\$39,780		\$39,780
11640 Furniture & Equipment - Administrative Purchases	\$7,530	\$7,530		\$7,530
11650 Leasehold Improvements Purchases	\$6,124	\$6,124		\$6,124
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
Greendale Housing Authority
Greendale, Indiana

In planning and performing my audit of the financial statements of Greendale Housing Authority as of and for the year ended March 31, 2012, in accordance with auditing standards generally accepted in the United State 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 Greendale Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Greendale 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. A detailed listing of security deposit liabilities was provided but it did not reconcile to the general ledger. Adequate internal controls require that the balances are reconciled monthly.
2. HUD regulations require the Housing Authority to obtain a fully executed form HUD 51999. During my review of current depositories, I noted that the housing authority did not have a current executed form from at least one financial institution holding agency funds. I recommend that the Authority execute new depository agreements with all new financial institutions and for any that have undergone ownership or name changes.

3. While reviewing the detailed depreciation schedule, it was noted that the depreciation schedule is showing a “negative” asset. The negative amount was a “disposal”. The disposed asset should be removed from the detail.
4. PHA should maintain all documentation at year end. PHA did not keep originals of inventory taken at year end.
5. PHA needs to make sure it properly records CFP soft costs during year. (Resulted in negative deferred revenue.)

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
July 24, 2012