



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43651

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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, 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 Greendale 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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2013

**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 the Greendale Housing Authority, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Greendale 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 Greendale 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 Greendale 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 Greendale 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 6 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

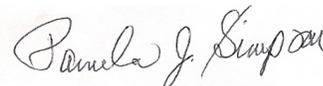
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greendale Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required 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 27 to 31 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 November 12, 2013 on my consideration of the Greendale Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.

Decatur, Illinois
November 12, 2013



Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MARCH 31, 2013

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, 2013. 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 liabilities of the Authority as of March 31, 2013 exceeded its assets at the close of the most recent fiscal year by \$622,956 (net assets).

The Authority's cash balance at March 31, 2013, was \$211,509 representing an increase of \$69,947 from March 31, 2012.

The Authority had operating revenues of \$152,596, Department of Housing and Urban Development (HUD) subsidy of \$48,024, HUD grants of \$32,577, other income of \$5,333 and interest income of \$1,718 for the year ending March 31, 2013.

As of March 31, 2013, the Authority's investment in capital assets was \$431,946 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment. Capital outlays for the year were \$32,577 consisting of the following purchases:

*Heating & A/C	\$	12,508
*Carpet		9,586
*Water Heater		1,565
*Refrigerators (6)		2,274
*General improvements		<u>6,649</u>
	<u>\$</u>	<u>32,577</u>

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.

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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MARCH 31, 2013

FUTURE EVENTS (NEW BUSINESS)

The Authority adopted an operating budget for FYE March 31, 2013. The budget reflects total operating revenues of \$163,128 and total operating expenses of \$268,780. HUD has funded the subsidy at 31%.

ENTITY WIDE FINANCIAL STATEMENT COMPARISON FYE'S 2012 AND 2013

Total Current Assets for FYE 2012 were \$213,668, and at FYE 2013, the amount was \$217,109. This represents an increase of \$3,441.

Total Capital Assets decreased by \$78,619. At FYE 2012 and FYE 2013, the amounts were \$510,565 and \$431,946, respectively (net of depreciation).

Total Liabilities decreased by \$9,102 from \$31,295 at FYE 2012 to \$22,193 at FYE 2013.

Revenues decreased by \$28,799. At FYE 2012 and FYE 2013 total revenues were \$269,047 and \$240,248, respectively.

Total Expenses decreased by \$39,926. Total expenses were \$350,156 in FYE 2012 and \$310,230 in FYE 2013.

	<u>2013</u>	<u>2012</u>	<u>Variances</u>	<u>Percentage Change</u>
Current Assets	217,109	213,668	3,441	2%
Capital Assets	431,946	510,565	(78,619)	-15%
Total Assets	649,055	724,233	(75,178)	-10%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	649,055	724,233	(75,178)	-10%
Current Liabilities	22,193	31,295	(9,102)	-29%
Noncurrent Liabilities	0	0	0	0%
Total Liabilities	22,193	31,295	(9,102)	-29%
Deferred Inflows of Resources	3,906	0	3,906	0%
Net Investment in Capital Assets	431,946	510,565	(78,619)	-15%
Restricted	0	0	0	0%
Unrestricted	191,010	182,373	8,637	5%
Total Net Position	622,956	692,938	(69,982)	-10%
TOTAL	649,055	724,233	(75,178)	-10%

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MARCH 31, 2013

Total revenues for Fiscal Year Ending March 31, 2013 were \$240,248 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 2013 revenues by \$28,799.

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>Percentage Change</u>
Tenant Revenue	152,596	159,010	(6,414)	-4%
HUD Operating Grants	48,024	53,745	(5,721)	-11%
HUD Capital Grants	32,577	49,669	(17,092)	-34%
Investment Income	1,718	1,748	(30)	-2%
Other Revenue	5,333	4,875	458	9%
Total Revenue	<u>240,248</u>	<u>269,047</u>	<u>(28,799)</u>	<u>-11%</u>

Total expenditures for Fiscal Year Ending March 31, 2013 were \$310,230 as compared to \$350,156 of total expenditures for Fiscal Year Ending March 31, 2012. Comparatively, Fiscal Year Ending 2012 expenditures exceeded Fiscal Year Ending 2013 expenditures by \$39,926.

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	64,746	65,878	(1,132)	-2%
Tenant Services	1,500	1,500	0	0%
Utilities	32,490	31,964	526	2%
Maintenance and Operation	75,908	94,195	(18,287)	-19%
General Expense	24,390	24,726	(336)	-1%
Depreciation Expense	111,196	131,893	(20,697)	-16%
Total Expenses	<u>\$310,230</u>	<u>\$350,156</u>	<u>(39,926)</u>	<u>-11%</u>

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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MARCH 31, 2013

ANALYSIS OF CAPITAL ASSET ACTIVITY

Accumulated Depreciation increased by \$111,196. This is the amount of current year depreciation expense.

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	104,520	104,520	0	0%
Buildings	1,894,138	1,894,139	(1)	0%
Equipment and furniture	510,514	616,441	(105,927)	-17%
Leasehold Improvements	138,505	0	138,505	100%
Total Fixed Assets	<u>2,647,677</u>	<u>2,615,100</u>	<u>32,577</u>	<u>1%</u>
Accumulated Depreciation	<u>2,215,731</u>	<u>2,104,535</u>	<u>111,196</u>	<u>5%</u>
Net Fixed Assets	<u>431,946</u>	<u>510,565</u>	<u>(78,619)</u>	<u>-15%</u>

OUTSTANDING DEBT

The Housing Authority had no outstanding debt during the fiscal year.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

ASSETS

Cash - operating	\$ 202,472
Cash - restricted	9,037
Inventory	4,068
Prepaid expenses	1,532
Capital assets:	
Land, land improvements and construction in progress	\$ 104,250
Other capital assets, net of depreciation	<u>327,696</u>
Total Capital Assets	\$ <u>431,946</u>
Total Assets	\$ <u>649,055</u>

DEFERRED OUTFLOWS OF RESOURCES \$ 0

TOTAL \$ 649,055

LIABILITIES

Accounts payable	\$ 7,350
Other liabilities	<u>14,843</u>
Total Liabilities	\$ <u>22,193</u>

DEFERRED INFLOWS OF RESOURCES (Note 7) \$ 3,906

NET POSITION

Net investment in capital assets	\$ 431,946
Unrestricted	<u>191,010</u>
Total Net Position	\$ <u>622,956</u>

TOTAL \$ 649,055

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Income

Tenant rental revenue	\$ 152,596
Total Rental Income	\$ 152,596
HUD grants - operating	48,024
Other revenue	<u>5,333</u>
Total Operating Income	<u>\$ 205,953</u>

Operating Expenses

Administration	\$ 64,746
Tenant services	1,500
Utilities	32,490
Ordinary maintenance and operation	75,908
General expense	24,390
Depreciation	<u>111,196</u>
Total Operating Expenses	<u>\$ 310,230</u>
Net Operating Income (Loss)	\$ -104,277

Nonoperating Income (Expense)

Interest income	1,718
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Capital Contributions

Capital funds grants	<u>32,577</u>
Changes in net assets	\$ -69,982
Net assets, beginning of year	<u>692,938</u>
Net assets, end of year	<u><u>\$ 622,956</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Activities

Operating grants	\$ 48,024
Tenant revenue	152,596
Other revenue	5,333
Payments to suppliers and contractors	<u>-201,269</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,684</u>

Investing Activities

Investments (purchased) redeemed	\$ 64,342
Interest income	<u>1,718</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 66,060</u>

Capital and Related Financing Activities

Capital fund grants	\$ 31,780
(Additions) deletions to fixed assets	<u>-32,577</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -797</u>

Net Change in Cash	\$ 69,947
Cash Balance at March 31, 2012	<u>141,562</u>
Cash Balance at March 31, 2013	<u><u>\$ 211,509</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, 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)	\$ -104,277
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	111,196
(Increase) decrease in prepaid expenses	2,607
(Increase) decrease in inventories	-443
Increase (decrease) in accounts payable	-6,538
Increase (decrease) in other liabilities	<u>2,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,684</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

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, 2013
(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 Net Investment in Capital Assets, Restricted and Unrestricted.

(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, 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(j) Net Assets -

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.

(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, 2013
(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, 2013
(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	\$ 211,509	\$ 212,136

Note 3 - Prepaid Expenses

This classification includes the following:

Prepaid insurance	\$ 4,139
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Note 4 - Capital Assets

Balance as of March 31, 2013	\$ 431,946
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Balance as of March 31, 2012	510,565
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Net Increase (Decrease)	\$ -78,619
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Reconciliation

Property betterments and additions	\$ 32,577
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Current year depreciation expense	-111,196 *
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Net Increase (Decrease)	\$ -78,619
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 4 - Capital Assets (Continued)

<u>Analysis</u>	04/01/2012 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	03/31/2013 <u>Balance</u>
Land	\$ 104,520	\$ 0	\$ 0	\$ 104,520
Building	1,894,139	0	0	1,894,138
Equipment and furniture	<u>616,441</u>	<u>32,577</u>	<u>0</u>	<u>649,019</u>
Total Assets	\$ 2,615,100	\$ 32,577	\$ 0	\$ 2,647,677
Accumulated depreciation	<u>-2,104,535</u>	<u>-111,196</u> *	<u>0</u>	<u>-2,215,731</u>
Net Assets	<u>\$ 510,565</u>	<u>\$ -78,619</u>	<u>\$ 0</u>	<u>\$ 431,946</u>

*Current year depreciation recognized.

Note 5 - Accounts Payable

This classification includes the following accounts:

Tenants security deposits	<u>\$ 7,350</u>
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Note 6 - Other Liabilities

Other liabilities consists of the following:

PILOT	\$ 12,010
Other utilities	<u>2,833</u>
Total	<u>\$ 14,843</u>

Note 7 - Deferred Inflows of Resources

HUD grants - CFP	<u>\$ 3,906</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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 9 - 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 501-10	\$ <u>57,830</u>	\$ <u>51,011</u>

Note 10 - 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.

Note 11 - Economic Dependency

The Housing Authority received a significant portion of its revenue (34%) 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, 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-2079	FYE 03/31/13	\$ 42,324	\$ 42,324	\$ 42,324
Public Housing - Capital Funds	14.872	C-2079	FYE 03/31/13	\$ 116,207	\$ 38,277	\$ 38,277
Total Housing Assistance				<u>\$ 158,531</u>	<u>\$ 80,601</u>	<u>\$ 80,601</u>



**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
Greendale Housing Authority
Greendale, 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 Greendale 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 Greendale Housing Authority's basic financial statements and have issued my report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

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

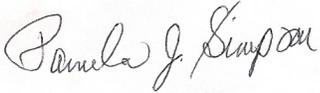
As part of obtaining reasonable assurance about whether the Greendale Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Greendale Housing Authority in a separate letter dated November 12, 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 Greendale 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 Greendale Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois
November 12, 2013



Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:	Unqualified		
* Material weakness(es) identified?	_____	yes	<u>X</u> _____ no
* Significant deficiency (ies) identified?	_____	yes	<u>X</u> _____ none reported
Noncompliance material to financial statements noted?	_____	yes	<u>X</u> _____ no

Federal Awards

Internal control over major programs:			
* Material weakness(es) identified?	_____	yes	<u>X</u> _____ no
* Significant deficiency (ies) identified?	_____	yes	<u>X</u> _____ none reported

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:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	<u>X</u> _____ yes _____ no
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**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 or at a conference held November 12, 2013.

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 or at a conference held November 12, 2013.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Capital Funds</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Vendor payable	2111	\$ 199.66		2111
Cash	1111.1		\$ 199.66	1111.1
(To adjust payable and cash for checks #6158 and #6159 dated 03/26/2013; cleared bank prior to 03/31/13)				
(2)				
Contract costs	4410	\$ 429.24		4410
General fund (unrestricted)	1111.1		\$ 429.24	1111.1
(To record check #6156 written to QPM on 03/26/2013 that did not get recorded in general ledger)				
(3)				
Dwelling	1400.8	\$ 1,469.62		1400.8
Maintenance materials	4420		\$ 1,469.62	4420
(To reclassify check #5874 - part of CFP expenditures)				
(4)				
Unrestricted net position	2802	\$ 36,807.66		2802
Unearned revenue - HUD	2118.1	1,469.62		2118.1
CFP subsidy - operating	3401		\$ 5,700.00	3401
CFP subsidy - capital	3401		32,577.28	3401
(To reclassify CFP subsidy received)				
(5)				
Maintenance materials	----	\$ 2,022.89		----
Insurance expense	----	1,499.36		----
CFP subsidy	4510		\$ 915.51	4510
Vendors and contractors	1211		2,606.74	1211
(To adjust insurance accounts to actual)				

Greendale Housing Authority (IN090)

GREENDALE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$202,472	\$202,472		\$202,472
112 Cash - Restricted - Modernization and Development	\$1,687	\$1,687		\$1,687
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$7,350	\$7,350		\$7,350
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$211,509	\$211,509	\$0	\$211,509
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	\$0	\$0		\$0
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				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$1,532	\$1,532		\$1,532
143 Inventories	\$4,068	\$4,068		\$4,068
143.1 Allowance for Obsolete Inventories	\$0	\$0		\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$217,109	\$217,109	\$0	\$217,109
161 Land	\$104,520	\$104,520		\$104,520
162 Buildings	\$1,894,138	\$1,894,138		\$1,894,138
163 Furniture, Equipment & Machinery - Dwellings	\$510,514	\$510,514		\$510,514
164 Furniture, Equipment & Machinery - Administration	\$138,505	\$138,505		\$138,505
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$2,215,731	-\$2,215,731		-\$2,215,731
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$431,946	\$431,946	\$0	\$431,946
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	\$431,946	\$431,946	\$0	\$431,946
190 Total Assets	\$649,055	\$649,055	\$0	\$649,055

Greendale Housing Authority (IN090)

GREENDALE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days				
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	\$12,010	\$12,010		\$12,010
341 Tenant Security Deposits	\$7,350	\$7,350		\$7,350
342 Deferred Revenues	\$3,906	\$3,906		\$3,906
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$2,833	\$2,833		\$2,833
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$26,099	\$26,099	\$0	\$26,099
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	\$26,099	\$26,099	\$0	\$26,099
508.1 Invested In Capital Assets, Net of Related Debt	\$431,946	\$431,946		\$431,946
511.1 Restricted Net Assets				
512.1 Unrestricted Net Assets	\$191,010	\$191,010		\$191,010
513 Total Equity/Net Assets	\$622,956	\$622,956	\$0	\$622,956
600 Total Liabilities and Equity/Net Assets	\$649,055	\$649,055	\$0	\$649,055

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

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$152,596	\$152,596		\$152,596
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$152,596	\$152,596	\$0	\$152,596
70600 HUD PHA Operating Grants	\$48,024	\$48,024		\$48,024
70610 Capital Grants	\$32,577	\$32,577		\$32,577
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	\$1,718	\$1,718		\$1,718
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	\$5,333	\$5,333		\$5,333
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$240,248	\$240,248	\$0	\$240,248
91100 Administrative Salaries				
91200 Auditing Fees	\$3,865	\$3,865		\$3,865
91300 Management Fee	\$48,074	\$48,074		\$48,074
91310 Book-keeping Fee	\$9,626	\$9,626		\$9,626
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative				
91600 Office Expenses				
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$3,181	\$3,181		\$3,181
91000 Total Operating - Administrative	\$64,746	\$64,746	\$0	\$64,746
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: 03/31/2013

	Project Total	Subtotal	ELIM	Total
93100 Water	\$7,431	\$7,431		\$7,431
93200 Electricity	\$13,913	\$13,913		\$13,913
93300 Gas	\$8,933	\$8,933		\$8,933
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$2,213	\$2,213		\$2,213
93000 Total Utilities	\$32,490	\$32,490	\$0	\$32,490
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,106	\$8,106		\$8,106
94300 Ordinary Maintenance and Operations Contracts	\$67,802	\$67,802		\$67,802
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$75,908	\$75,908	\$0	\$75,908
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	\$8,857	\$8,857		\$8,857
96120 Liability Insurance	\$2,023	\$2,023		\$2,023
96130 Workmen's Compensation				
96140 All Other Insurance	\$1,499	\$1,499		\$1,499
96100 Total insurance Premiums	\$12,379	\$12,379	\$0	\$12,379
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$12,011	\$12,011		\$12,011
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$12,011	\$12,011	\$0	\$12,011
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	\$199,034	\$199,034	\$0	\$199,034
97000 Excess of Operating Revenue over Operating Expenses	\$41,214	\$41,214	\$0	\$41,214

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

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2013

	Project Total	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$111,196	\$111,196		\$111,196
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$310,230	\$310,230	\$0	\$310,230
10010 Operating Transfer In	\$5,700	\$5,700		\$5,700
10020 Operating transfer Out	-\$5,700	-\$5,700		-\$5,700
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	-\$69,982	-\$69,982	\$0	-\$69,982
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$692,938	\$692,938		\$692,938
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
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	283	283		283
11270 Excess Cash	\$167,137	\$167,137		\$167,137
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$270,387	\$270,387		\$270,387
11640 Furniture & Equipment - Administrative Purchases	\$13,298	\$13,298		\$13,298
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
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, 2013, 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.

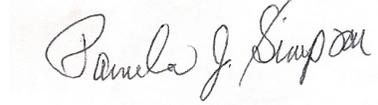
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the 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. The Housing Authority needs to expand the general ledger accounts to provide for the accounts required with Asset Management and the new HUD chart of accounts as detailed in the HUD/REAC's most recent financial Crosswalk Guide. These accounts include, but are not limited to additional insurance expense accounts, accrued compensated absence expense, contract maintenance accounts and equity accounts.
2. 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.

3. The Housing Authority should review their adopted capitalization limits and adjust the depreciation schedule to reflect those limits by writing off old items under the limit. Additionally, the Housing Authority should review the current capitalization threshold (\$500) and adopt a higher limit.

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

A handwritten signature in cursive script that reads "Pamela J. Simpson". The signature is written in black ink on a light-colored background.

Certified Public Accountant

Decatur, Illinois
November 12, 2013