



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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June 10, 2014

Board of Directors
Angola Housing Authority
617 N. Williams Street
Angola, IN 46703

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period January 1, 2012 to December 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 Angola Housing Authority, as of December 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

HOUSING AUTHORITY OF THE CITY OF ANGOLA

AUDITED FINANCIAL STATEMENTS

Angola, Indiana

December 31, 2012

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

870 Cinderella Court
Decatur, GA 30033
404-297-9881

HOUSING AUTHORITY OF THE CITY OF ANGOLA

Angola, Indiana
DECEMBER 31, 2012

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Angola
617 North Williams Street
Angola, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Angola ("the Authority") which comprise the statement of net assets as of December 31, 2012, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

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 from 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 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 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 evaluating 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

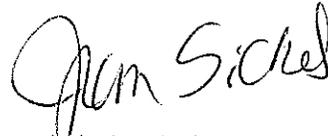
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Angola as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through viii be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to 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 financial statements, and other knowledge I obtained during my audit of the 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 Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and other supplemental information as listed in the table of contents are presented for purposes of additional analysis 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and 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 financial statements as a whole.



Certified Public Accountant

Fredericksburg, Indiana
March 25, 2013

Angola Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2012

Introduction

This Management's Discussion and Analysis (MD&A) of the Angola Housing Authority (Authority) provides an introduction and overview to the financial statements of the Angola Housing Authority for the fiscal year ended December 31, 2012. The Angola Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2012, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Angola Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program.

- The Low Rent Program consists of 188 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

***Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)***

The Statement of Net Position presents information on the assets and liabilities, with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted* consists of assets that are restricted by limitations placed on them by an external source or party.
- *Unrestricted* consists of assets that do not meet the definition of the above categories. The unrestricted portion of net position is the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2012 to determine the change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2012.

Financial Highlights

- The Angola Housing Authority's total net position decreased from \$4,763,884 to \$4,448,937, a decrease of \$314,947 or 7%. Total assets decreased by \$338,986 or 7%.
- The unrestricted component of net position is listed as \$557,229 at December 31, 2012. This represents an increase of \$43,697, or 9% from the previous year.
- Total revenues increased from \$826,425 to \$877,311, an increase of \$50,886 or 6%.
- Total expenses decreased by \$24,240, from \$1,216,498 to \$1,192,258 for the current year. This represents a decrease of 2%.

Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2012 and December 31, 2011.

Summary Statement of Net Position

| <u>Category</u> | <u>FYE 2012</u> | <u>FYE 2011</u> | <u>Change \$</u> | <u>Change %</u> |
|--------------------------------------|-----------------|-----------------|------------------|-----------------|
| Current Assets | \$ 646,279 | \$ 584,274 | \$ 62,005 | 11% |
| Capital Assets (Net of Depreciation) | 3,994,948 | 4,395,939 | (400,991) | -9% |
| Total Assets | \$ 4,641,227 | \$ 4,980,213 | \$ (338,986) | -7% |
| Current Liabilities | \$ 122,205 | \$ 102,307 | \$ 19,898 | 19% |
| Long Term Liabilities | 70,085 | 114,022 | (43,937) | -39% |
| Total Liabilities | \$ 192,290 | \$ 216,329 | \$ (24,039) | -11% |
| Unrestricted Net Assets | \$ 557,229 | \$ 513,532 | \$ 43,697 | 9% |
| Investment in Net Capital Assets | 3,891,708 | 4,250,352 | (358,644) | -8% |
| Total Net Assets | \$ 4,448,937 | \$ 4,763,884 | \$ (314,947) | -7% |

Current Assets

Current assets increased from \$584,274 to \$646,279, an increase of \$62,005 from December 31, 2011 to December 31, 2012. This increase was primarily due to an increase of \$92,545 to cash and investments coupled with a \$32,322 decrease in prepaid expenses.

Capital Assets

Capital assets decreased from \$4,395,939 to \$3,994,948, a decrease of \$400,991 or 9% from December 31, 2011 to December 31, 2012. This decrease was primarily due to depreciation accumulated during the current year.

Current Liabilities

The current liabilities balance increased by \$19,898 from the previous year, due primarily to wages and payroll taxes payable and other accrued liabilities. Wages and payroll taxes payable increased from \$32 at December 31, 2011 to \$13,287 at December 31, 2012 due to the final payroll for the 2012 fiscal year not being paid until January of the following year. Other accrued liabilities of \$8,765 at December 31, 2012 were for utilities payable. There were no utilities owed at the end of the previous fiscal year.

***Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)***

Housing Authority Activities & Highlights – Cont.

Long Term Debt

At December 31, 2012, the Housing Authority had \$103,240 in energy saving project debt payable outstanding versus \$145,587 last year. The details for this balance are as follows:

| <u>Lender</u> | <u>Rate</u> | <u>Due Date</u> | <u>Current Portion</u> | <u>Long-Term Portion</u> | <u>Total</u> |
|------------------|-------------|---------------------|----------------------------|------------------------------|-------------------|
| Fifth Third Bank | 5.0% | 04/01/15 | <u>\$ 33,155</u> | <u>\$ 70,085</u> | <u>\$ 103,240</u> |

Net Position

The Authority's total net position decreased by \$314,947 from the previous year.

The Authority's unrestricted component of net position increased from \$513,532 to \$557,229, an increase of \$43,697, or 9% for the current year. The principal reason for the increase is an excess of operating revenues over operating expenses for the current year. The unrestricted account balance is the amount available for future appropriations. This balance is subject to program specific guidelines.

Investment in net Capital assets decreased by \$358,644 during the current fiscal year, primarily due to accumulated depreciation. See the capital assets section for further discussion.

Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2012 and 2011

| Category | FYE 2012 | FYE 2011 | Change \$ | Change % |
|--|---------------------|---------------------|---------------------|-------------|
| Tenant Revenue | \$ 408,337 | \$ 360,616 | \$ 47,721 | 13% |
| Operating Grants | 423,877 | 374,945 | 48,932 | 13% |
| Capital Grants | 35,032 | 75,632 | (40,600) | -54% |
| Interest Income | 112 | 5,785 | (5,673) | -98% |
| Other Revenue | 9,953 | 9,447 | 506 | 5% |
| Total Revenue | 877,311 | 826,425 | 50,886 | 6% |
| Administration | 250,253 | 269,411 | (19,158) | -7% |
| Tenant Services | 4,306 | 4,450 | (144) | -3% |
| Utilities | 101,508 | 92,523 | 8,985 | 10% |
| Ordinary Maintenance | 263,533 | 301,511 | (37,978) | -13% |
| Protective Services | 14,858 | 0 | 14,858 | 0% |
| General Expense | 115,360 | 113,836 | 1,524 | 1% |
| Interest Expense | 6,416 | 8,445 | (2,029) | -24% |
| Depreciation | 436,024 | 426,322 | 9,702 | 2% |
| Total Expenses | 1,192,258 | 1,216,498 | (24,240) | -2% |
| Excess of Revenue over Expenses | (314,947) | (390,073) | 75,126 | -19% |
| Net Assets, Beginning of Year | 4,763,884 | 5,153,957 | (390,073) | -8% |
| Net Assets, End of Year | \$ 4,448,937 | \$ 4,763,884 | \$ (314,947) | -7% |

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue increased \$50,886 or 6% during the current fiscal year. Significant changes noted between the current and prior fiscal years include:

- Tenant Revenue had an increase of \$47,721 from 2011 to 2012. This increase was primarily due to an increase in units leased from 1,964 in 2011 to 2,168 in 2012.
- HUD operating grants increased by \$48,932 or 13% from the previous year. This is primarily due to increased subsidy funding during the current year.
- Capital grants decreased due to reduced activity in the Capital Fund Grant Program.
- Interest income decreased by \$5,673 or 98% due to a decrease in interest rates and the maturity and redemption of one of the Authority's CDs.

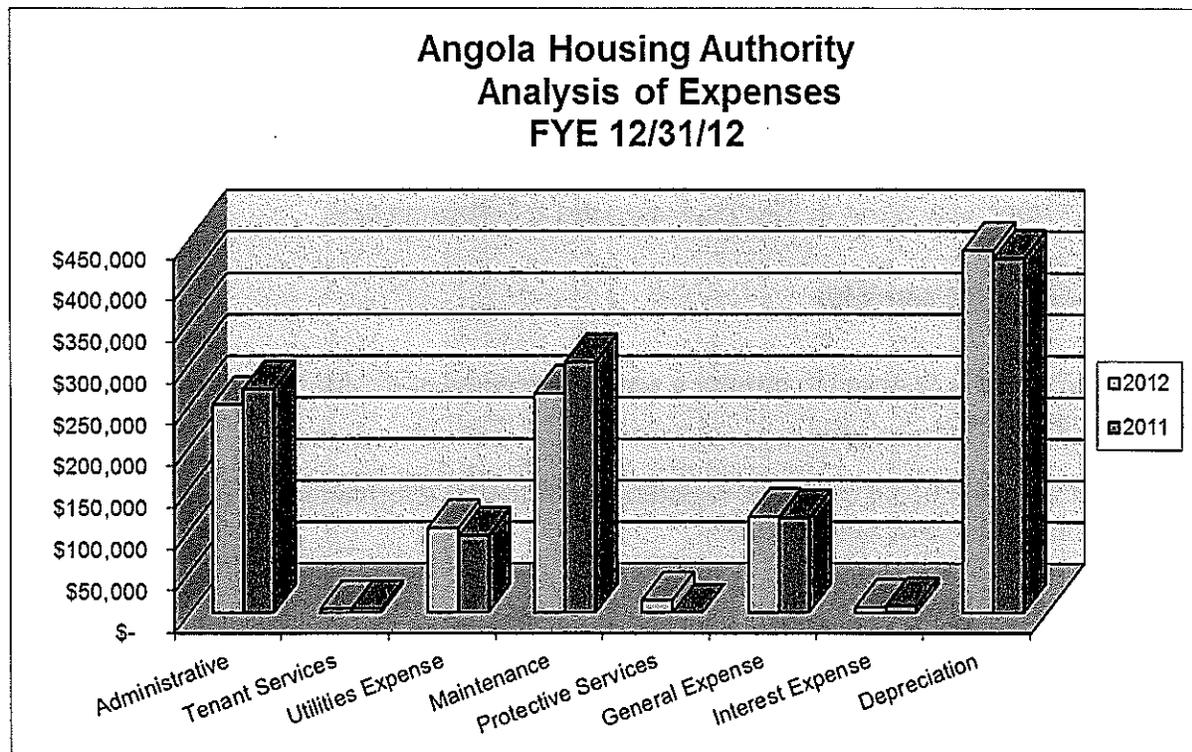
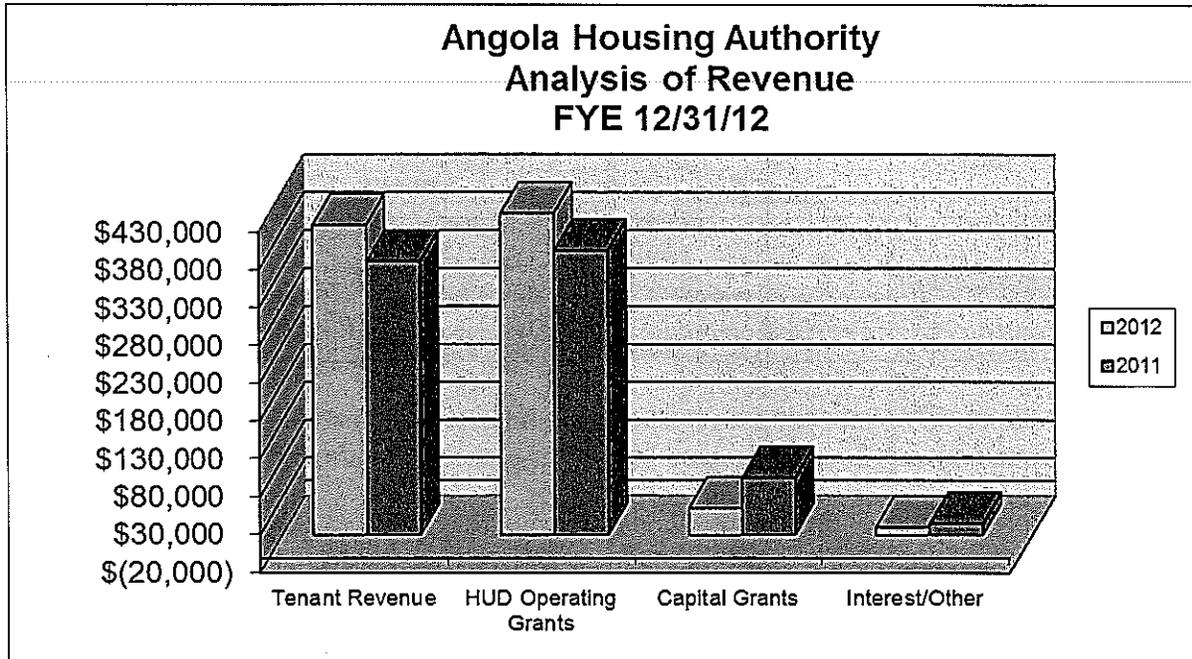
***Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)***

Total expenses decreased by \$24,240 compared to the previous year. Significant changes from the previous year included the following:

- Administration decreased by \$19,158 primarily as a result of a \$18,989 decrease in administrative employee benefits due to Authority being liable for a lower percentage of health insurance premiums.
- Utility expenses increased by \$8,985 in the current year. Individual account changes are as follows: water, \$441 increase due to a rise in consumption; electricity, \$12,114 increase due to a rise in consumption; gas, \$3,444 decrease due to reduced consumption; sewer, \$126 decrease.
- Ordinary maintenance decreased by \$37,978 for the current year. Maintenance salaries increased by \$4,884 but all other maintenance expenses decreased. Individual account changes include: materials, \$11,891 decrease; contracts, \$26,139 decrease; benefits, \$4,832 decrease. The Authority utilized less contract labor and performed fewer site improvement projects than in the previous year.
- The Authority began using a contractor for protective services during this past year. Protective service contract expenses for the current year were \$14,858.
- Interest expense decreased from \$8,445 in the previous year to \$6,416 during the current year. This represents a 24% decrease in interest expense and was due to a smaller principal balance on the Authority's long-term debt.

**Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)**

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



***Angola Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Continued)***

Capital Assets

As of December 31, 2012, the Angola Housing Authority's investment in net capital assets was \$3,994,948. This investment includes land, buildings, and equipment, net of accumulated depreciation.

| <u>Category</u> | <u>FYE 2012</u> | <u>FYE 2011</u> | <u>Change \$</u> | <u>Change %</u> |
|---------------------------------|---------------------|---------------------|---------------------|-----------------|
| Land | \$ 826,661 | \$ 826,661 | \$ 0 | 0% |
| Buildings | 9,442,372 | 9,407,339 | 35,033 | 0% |
| Equipment | 230,624 | 230,624 | 0 | 0% |
| Accumulated Depreciation | (6,504,709) | (6,068,685) | (436,024) | 7% |
| Total Net Capital Assets | \$ 3,994,948 | \$ 4,395,939 | \$ (400,991) | -9% |

The addition to the building account is a result of the completion of concrete work throughout the property and an ongoing flooring project. These projects were funded by the 2011 Capital Fund Grant.

Subsequent Events

Due to the recent sequester affecting many government programs, HUD has cut subsidy funding by approximately 77% for the 2013 calendar year. As a result, revenue from operating subsidy has the potential to be significantly less in the upcoming fiscal year.

Future Capital Fund Expenditures will be the ongoing replacement of flooring and bi-fold doors as units become vacant. Extension of the EPC (Energy Performance Contract) to the 20 year term limit will include roof replacement at Elliott Manor, Water Heater & Furnace Replacement at Northlake Manor, and Water & Electrical upgrades at both properties.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Angola Housing Authority
Kris Strawser, Executive Director
617 N. Williams Street
Angola, IN 46703

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT OF NET ASSETS
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

| | |
|--------------------------------------|-----------------------|
| Cash and cash equivalents | \$ 564,137 |
| Restricted cash and cash equivalents | 24,745 |
| Accounts receivable, net | 13,069 |
| Prepaid insurance | 18,733 |
| Inventory, net | <u>25,595</u> |
| Total Current Assets | <u>646,279</u> |

CAPITAL ASSETS

| | |
|--------------------------------------|-------------------------|
| Land and other nondepreciable assets | 826,661 |
| Depreciable capital assets, net | <u>3,168,287</u> |
| Total Capital Assets | <u>3,994,948</u> |

Total Assets 4,641,227

LIABILITIES

CURRENT LIABILITIES

| | |
|---|----------------|
| Accounts payable | 19,980 |
| Accrued liabilities | 41,140 |
| Payable from restricted cash and cash equivalents: | |
| Tenant's security deposits | 24,745 |
| Current portion of long term debt | 33,155 |
| Deferred revenue | <u>3,185</u> |
| Total Current Liabilities | 122,205 |

NONCURRENT LIABILITIES

| | |
|-------------------------------------|----------------------|
| Long term debt | <u>70,085</u> |
| Total Noncurrent Liabilities | <u>70,085</u> |

Total Liabilities 192,290

NET ASSETS

| | |
|----------------------------|----------------|
| Invested in capital assets | 3,891,708 |
| Unrestricted | <u>557,229</u> |

TOTAL NET ASSETS \$ 4,448,937

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING REVENUES

| | | |
|---------------|----|---------|
| Rental income | \$ | 408,337 |
| Other revenue | | 9,953 |

| | | |
|--------------------------|--|---------|
| TOTAL OPERATING REVENUES | | 418,290 |
|--------------------------|--|---------|

OPERATING EXPENSES

| | | |
|---------------------------------------|--|---------|
| Administrative | | 250,253 |
| Tenant services | | 4,306 |
| Utilities | | 101,508 |
| Ordinary maintenance and operation | | 263,533 |
| Protective services | | 14,858 |
| General expense | | 121,776 |
| Depreciation expense | | 436,024 |

| | | |
|--------------------------|--|-----------|
| TOTAL OPERATING EXPENSES | | 1,192,258 |
|--------------------------|--|-----------|

| | | |
|-------------------------|--|-----------|
| OPERATING INCOME (LOSS) | | (773,968) |
|-------------------------|--|-----------|

NONOPERATING REVENUES (EXPENSES)

| | | |
|--------------------------|--|---------|
| Federal operating grants | | 423,877 |
| Interest income | | 112 |

| | | |
|-----------------------------|--|---------|
| TOTAL NONOPERATING REVENUES | | 423,989 |
|-----------------------------|--|---------|

| | | |
|-----------------------|--|--------|
| CAPITAL CONTRIBUTIONS | | 35,032 |
|-----------------------|--|--------|

| | | |
|----------------------|--|-----------|
| CHANGE IN NET ASSETS | | (314,947) |
|----------------------|--|-----------|

| | | |
|-------------------------------|--|-----------|
| NET ASSETS, BEGINNING OF YEAR | | 4,763,884 |
|-------------------------------|--|-----------|

| | | |
|-------------------------|----|-----------|
| NET ASSETS, END OF YEAR | \$ | 4,448,937 |
|-------------------------|----|-----------|

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|------------------|
| Receipts from residents and other deposits | \$ | 408,303 |
| Payments to suppliers | | (380,371) |
| Payments to/for employees | | <u>(327,049)</u> |
| Net Cash Flows Provided (Used) by Operating Activities | | <u>(289,096)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|------------|
| Interest income | | <u>112</u> |
| Net Cash Provided by Investing Activities | | 112 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | |
|---|--|-----------------|
| Capital grants received | | 35,032 |
| Capital assets purchased | | <u>(35,033)</u> |
| Net Cash Provided (Used) from Capital and Related Financing Activities | | (1) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|--|----------------|
| Payments on long term debt | | (42,347) |
| Federal operating grants received | | <u>423,877</u> |
| Net Cash Flows Provided by Noncapital Financing Activities | | <u>381,530</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 92,545

Beginning Cash and Cash
Cash - Beginning of year 496,337

Ending Cash and Cash
Cash - End of year \$ 588,882

Reconciliation of Cash
Unrestricted \$ 564,137
Restricted 24,745
\$ 588,882

Continued

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

| | | |
|--|----|------------------|
| Operating income (loss) | \$ | (773,968) |
| Adjustments to reconcile net operating income to net cash Provided by operating activities: | | |
| Depreciation | | 436,024 |
| (Increase) Decrease in: | | |
| Accounts receivable | | 34 |
| Prepaid expenses | | 32,322 |
| Inventory | | (1,816) |
| Increase (Decrease) in: | | |
| Accounts payable | | 5,926 |
| Accrued liabilities | | 15,854 |
| Deferred revenue | | (3,472) |
| Net Cash Flows Provided (Used) by Operating Activities | \$ | <u>(289,096)</u> |

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSE AUTHORITY OF THE CITY OF ANGOLA ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Angola. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Housing Authority of the City of Angola include the following:

At December 31, 2012, the Housing Authority has 188 units under management.

| <u>Project</u> | <u>Units</u> |
|---------------------------|--------------|
| Low Income Public Housing | <u>188</u> |

The Authority is also operating Capital Fund Grant Programs.

Basis of Presentation and Accounting - In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinion, and ARB's issued on or before November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization: (Continued)

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Generally accepted accounting principles for state and local governments requires that the resources be classified for accounting and reporting purposes into the following net asset categories;

Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The authority has no debt.

Restricted - Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization: (Continued)

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of checking accounts, Money Market accounts and Certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchases and non negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

Tenant Receivable - Receivable for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2012.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first/out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

Capital assets - Capital assets purchased are recorded on the Statement of New Assets at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$1,500 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization: (Continued)

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

| <u>Class</u> | <u>Life</u> |
|----------------------------------|-------------|
| Buildings and improvements | 15-40 years |
| Maintenance and office equipment | 3-10 years |

Compensated Absences - compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that related to future services of that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, and then restricted resources as they are needed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liability and disclosure of contingent liability at the date of the financial statements and report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies and Organization: (Continued)

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and scheduled as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact person income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federal insured instruments.

HUD also requires that the deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market values of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the accounts of the Authority.

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at the time of purchase. At December 31, 2012, the Authority's deposits were not limited and all of which are either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

At December 31, 2012, the carrying amount of the Authority's deposits was \$588,882 and the bank balance was \$604,412. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

| | |
|--|-------------------|
| Checking accounts | \$ 346,658 |
| Money Market Account, Savings and Cert. of Deposit | <u>242,224</u> |
| Total | <u>\$ 588,882</u> |

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2012, consist of the following:

| | |
|-----------------------------------|------------------|
| Tenants, Net of allowance \$7,992 | \$ 11,649 |
| Fraud, Net of Allowance of \$346 | 231 |
| Interest Receivable | 199 |
| Accounts receivable - HUD | <u>990</u> |
| Total | <u>\$ 13,069</u> |

NOTE D - Prepaid Expense:

Prepaid expenses at December 31, 2012, consists of the following:

| | |
|--------------------------------------|------------------|
| Prepaid insurance and other expenses | <u>\$ 18,733</u> |
|--------------------------------------|------------------|

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

NOTE E - Inventory:

Inventory at December 31, 2012, consists of the following:

Materials and supplies, Net of Allowance of \$2,844 \$ 25,595

Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

| | Beginning Balance <u>12/31/11</u> | <u>Increases</u> | <u>Decreases</u> | Ending Balance <u>12/31/12</u> |
|--|---|------------------|------------------|--------------------------------------|
| Capital Assets, not Being depreciated: | | | | |
| Land | \$ 826,661 | \$ 0 | \$ 0 | \$ 826,661 |
| Construction in Progress | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Capital Assets, not being depreciated | <u>826,661</u> | <u>0</u> | <u>0</u> | <u>826,661</u> |
| Capital Assets, being Depreciated: | | | | |
| Buildings and improvement | 9,407,339 | 35,033 | | 9,442,372 |
| Furniture, equipment, and Machinery | <u>230,624</u> | <u>0</u> | <u>0</u> | <u>230,624</u> |
| Total Capital Assets, Being depreciated | <u>9,637,963</u> | <u>35,033</u> | <u>0</u> | <u>9,672,996</u> |

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

NOTE F - Capital Assets: (Continued)

| | | | | |
|--------------------------|---------------------|---------------------|-------------|---------------------|
| Less Accumulated | | | | |
| Depreciation for: | | | | |
| Buildings & improvements | (5,880,426) | (420,279) | 0 | (6,300,705) |
| Furniture, Equipment & | | | | |
| Machinery | (188,259) | (15,745) | 0 | (204,004) |
| <hr/> | | | | |
| Total Accumulated | | | | |
| Depreciation | (6,068,685) | (436,024) | 0 | (6,504,709) |
| <hr/> | | | | |
| Total Capital Assets, | | | | |
| Being depreciated, net | 3,569,278 | (400,991) | 0 | 3,168,287 |
| <hr/> | | | | |
| Capital Assets, Net | <u>\$ 4,395,939</u> | <u>\$ (400,991)</u> | <u>\$ 0</u> | <u>\$ 3,994,948</u> |

Depreciation expenses of \$436,024 was incurred during the year.

Note G - Accounts Payable:

Accounts payable at December 31, 2012, consist of the following:

| | |
|-------------------------|-----------------|
| Vendor Accounts Payable | <u>\$19,980</u> |
|-------------------------|-----------------|

Note H - Accrued Liabilities:

Accrued liabilities at December 31, 2012, consist of the following:

| | |
|--|------------------|
| Accrued compensated absences and payable | \$ 13,287 |
| Payment in lieu of taxes | <u>27,853</u> |
| Total | <u>\$ 41,140</u> |

NOTE I - Deferred Revenue:

Deferred revenue at December 31, 2012, consist of the following:

| | |
|--------------|-----------------|
| Prepaid rent | <u>\$ 3,185</u> |
|--------------|-----------------|

Note J - Notes Payable:

Notes Payable at December 31, 2012, consist of the following:

| | <u>12/31/11</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/12</u> |
|--------------|-------------------|------------------|--------------------|------------------|
| Note Payable | <u>\$ 114,022</u> | <u>\$ 0</u> | <u>\$ (43,937)</u> | <u>\$ 70,085</u> |

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Note K - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contract. These subsidy contributions for the operating year ended December 31, 2012 were as follows:

| | |
|-------------------------|-------------------|
| Low Rent Public Housing | \$ 404,914 |
| Capital Fund | <u>18,963</u> |
| Total | <u>\$ 423,877</u> |

Note L - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended December 31, 2012 were \$35,032

Note M - Commitments and Contingencies:

Litigation: At December 31, 2012, the Authority was not involved in any threatened litigation.

Examination: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, law and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2012.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: Currently, there are no major construction projects in progress at December 31, 2012.

Note N - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

Note O - Economic Dependency:

The Authority receives approximately 59% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

Note P - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing development is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

Note Q - Pension Plans:

The Authority provides a definite contribution pension plan for eligible full-time employees. The Authority contributes an amount equal to 7.75% of each employee's annual compensation to the plan and accounts for pension costs as incurred. Pension contributions totaled \$15,609 for the year ended December 31, 2012. Covered payroll for the year was \$237,462. Employee contributions to the plan were \$6,042 and employer contributions were \$15,609. Additional information regarding the pension plan may be obtained by contacting the State of Indiana PERF (Public Employees Retirement Fund), 143 West Market St., Indianapolis, IN 46204.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS
DECEMBER 31, 2012

| | A C C | | Total |
|---|------------------------------------|-----------------------------|---------------------|
| | C-543 | C-543 | |
| | Low Income Public Housing | Capital Fund Programs | |
| <u>ASSETS</u> | | | |
| <u>CURRENT ASSETS</u> | | | |
| Cash and cash equivalents | \$ 564,137 | \$ 0 | \$ 564,137 |
| Restricted cash and cash equivalents | 24,745 | 0 | 24,745 |
| Accounts receivable, net | 13,069 | 0 | 13,069 |
| Prepaid insurance | 18,733 | 0 | 18,733 |
| Inventory, net | 25,595 | 0 | 25,595 |
| Total Current Assets | 646,279 | 0 | 646,279 |
| <u>CAPITAL ASSETS</u> | | | |
| Land and other nondepreciable assets | 826,661 | 0 | 826,661 |
| Depreciable capital assets, net | 3,168,287 | 0 | 3,168,287 |
| Total Capital Assets | 3,994,948 | 0 | 3,994,948 |
| Total Assets | 4,641,227 | 0 | 4,641,227 |
| <u>LIABILITIES</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts payable | 19,980 | 0 | 19,980 |
| Accrued liabilities | 41,140 | 0 | 41,140 |
| Payable from restricted cash and cash equivalents: | | | |
| Tenant's security deposits | 24,745 | 0 | 24,745 |
| Current portion of long term debt | 33,155 | 0 | 33,155 |
| Deferred revenue | 3,185 | 0 | 3,185 |
| Total Current Liabilities | 122,205 | 0 | 122,205 |
| <u>NONCURRENT LIABILITIES</u> | | | |
| Long term debt | 70,085 | 0 | 70,085 |
| Total Noncurrent Liabilities | 70,085 | 0 | 70,085 |
| Total Liabilities | 192,290 | 0 | 192,290 |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets | 3,891,708 | 0 | 3,891,708 |
| Unrestricted | 557,229 | 0 | 557,229 |
| TOTAL NET ASSETS | \$ 4,448,937 | \$ 0 | \$ 4,448,937 |

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | C-543 Low Income Public Housing | C-543 Capital Fund Programs | Total |
|--|--|--------------------------------------|---------------------|
| <u>OPERATING REVENUES</u> | | | |
| Rental income | \$ 408,337 | \$ 0 | \$ 408,337 |
| Other revenue | 9,953 | 0 | 9,953 |
| TOTAL OPERATING REVENUES | 418,290 | 0 | 418,290 |
| <u>OPERATING EXPENSES</u> | | | |
| Administrative | 250,253 | 0 | 250,253 |
| Tenant Services | 4,306 | 0 | 4,306 |
| Utilities | 101,508 | 0 | 101,508 |
| Ordinary maintenance and operation | 263,533 | 0 | 263,533 |
| Protective services | 14,858 | 0 | 14,858 |
| General expense | 121,776 | 0 | 121,776 |
| Depreciation expense | 436,024 | 0 | 436,024 |
| TOTAL OPERATING EXPENSES | 1,192,258 | 0 | 1,192,258 |
| OPERATING INCOME (LOSS) | (773,968) | 0 | (773,968) |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | | |
| Federal operating grants | 404,914 | 18,963 | 423,877 |
| Interest income | 112 | 0 | 112 |
| TOTAL NONOPERATING REVENUES | 405,026 | 18,963 | 423,989 |
| CAPITAL CONTRIBUTIONS | 0 | 35,032 | 35,032 |
| CHANGE IN NET ASSETS | (368,942) | 53,995 | (314,947) |
| NET ASSETS, BEGINNING OF YEAR, as originally stated | 4,763,884 | 0 | 4,763,884 |
| Operating transfers | 53,995 | (53,995) | 0 |
| Total net Assets - Beginning of year as restated | 4,817,879 | (53,995) | 4,763,884 |
| NET ASSETS, END OF YEAR | \$ 4,448,937 | \$ 0 | \$ 4,448,937 |

Housing Authority of the City of Angola (IN039)
ANGOLA, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

| | Project Total | Subtotal | ELIM | Total |
|---|---------------|--------------|------|--------------|
| 111 Cash - Unrestricted | \$564,137 | \$564,137 | \$0 | \$564,137 |
| 112 Cash - Restricted - Modernization and Development | \$0 | \$0 | \$0 | \$0 |
| 113 Cash - Other Restricted | \$0 | \$0 | \$0 | \$0 |
| 114 Cash - Tenant Security Deposits | \$24,745 | \$24,745 | \$0 | \$24,745 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$0 | \$0 | \$0 | \$0 |
| 100 Total Cash | \$588,882 | \$588,882 | \$0 | \$588,882 |
| 121 Accounts Receivable - PHA Projects | \$0 | \$0 | \$0 | \$0 |
| 122 Accounts Receivable - HUD Other Projects | \$990 | \$990 | \$0 | \$990 |
| 124 Accounts Receivable - Other Government | \$0 | \$0 | \$0 | \$0 |
| 125 Accounts Receivable - Miscellaneous | \$0 | \$0 | \$0 | \$0 |
| 126 Accounts Receivable - Tenants | \$19,641 | \$19,641 | \$0 | \$19,641 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$7,992 | -\$7,992 | \$0 | -\$7,992 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$0 | \$0 | \$0 | \$0 |
| 128 Fraud Recovery | \$577 | \$577 | \$0 | \$577 |
| 128.1 Allowance for Doubtful Accounts - Fraud | -\$346 | -\$346 | \$0 | -\$346 |
| 129 Accrued Interest Receivable | \$199 | \$199 | \$0 | \$199 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$13,059 | \$13,069 | \$0 | \$13,069 |
| 131 Investments - Unrestricted | \$0 | \$0 | \$0 | \$0 |
| 132 Investments - Restricted | \$0 | \$0 | \$0 | \$0 |
| 135 Investments - Restricted for Payment of Current Liability | \$0 | \$0 | \$0 | \$0 |
| 142 Prepaid Expenses and Other Assets | \$18,733 | \$18,733 | \$0 | \$18,733 |
| 143 Inventories | \$28,439 | \$28,439 | \$0 | \$28,439 |
| 143.1 Allowance for Obsolete Inventories | -\$2,844 | -\$2,844 | \$0 | -\$2,844 |
| 144 Inter Program Due From | \$0 | \$0 | \$0 | \$0 |
| 145 Assets Held for Sale | \$0 | \$0 | \$0 | \$0 |
| 150 Total Current Assets | \$646,279 | \$646,279 | \$0 | \$646,279 |
| 161 Land | \$826,661 | \$826,661 | \$0 | \$826,661 |
| 162 Buildings | \$9,442,372 | \$9,442,372 | \$0 | \$9,442,372 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$0 | \$0 | \$0 | \$0 |
| 164 Furniture, Equipment & Machinery - Administration | \$230,624 | \$230,624 | \$0 | \$230,624 |
| 165 Leasehold Improvements | \$0 | \$0 | \$0 | \$0 |
| 166 Accumulated Depreciation | -\$6,504,709 | -\$6,504,709 | \$0 | -\$6,504,709 |
| 167 Construction in Progress | \$0 | \$0 | \$0 | \$0 |
| 168 Infrastructure | \$0 | \$0 | \$0 | \$0 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$3,994,948 | \$3,994,948 | \$0 | \$3,994,948 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$0 | \$0 | \$0 | \$0 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0 | \$0 | \$0 | \$0 |
| 173 Grants Receivable - Non Current | \$0 | \$0 | \$0 | \$0 |
| 174 Other Assets | \$0 | \$0 | \$0 | \$0 |
| 176 Investments in Joint Ventures | \$0 | \$0 | \$0 | \$0 |
| 180 Total Non-Current Assets | \$3,994,948 | \$3,994,948 | \$0 | \$3,994,948 |
| 190 Total Assets | \$4,641,227 | \$4,641,227 | \$0 | \$4,641,227 |

| | | | | |
|---|-------------|-------------|-----|-------------|
| 311 Bank Overdraft | \$0 | \$0 | \$0 | \$0 |
| 312 Accounts Payable <= 90 Days | \$19,980 | \$19,980 | \$0 | \$19,980 |
| 313 Accounts Payable >90 Days Past Due | \$0 | \$0 | \$0 | \$0 |
| 321 Accrued Wage/Payroll Taxes Payable | \$13,287 | \$13,287 | \$0 | \$13,287 |
| 322 Accrued Compensated Absences - Current Portion | \$0 | \$0 | \$0 | \$0 |
| 324 Accrued Contingency Liability | \$0 | \$0 | \$0 | \$0 |
| 325 Accrued Interest Payable | \$0 | \$0 | \$0 | \$0 |
| 331 Accounts Payable - HUD PHA Programs | \$0 | \$0 | \$0 | \$0 |
| 332 Account Payable - PHA Projects | \$0 | \$0 | \$0 | \$0 |
| 333 Accounts Payable - Other Government | \$27,853 | \$27,853 | \$0 | \$27,853 |
| 341 Tenant Security Deposits | \$24,745 | \$24,745 | \$0 | \$24,745 |
| 342 Deferred Revenues | \$3,185 | \$3,185 | \$0 | \$3,185 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | \$33,155 | \$33,155 | \$0 | \$33,155 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | \$0 | \$0 | \$0 | \$0 |
| 345 Other Current Liabilities | \$0 | \$0 | \$0 | \$0 |
| 346 Accrued Liabilities - Other | \$0 | \$0 | \$0 | \$0 |
| 347 Inter Program - Due To | \$0 | \$0 | \$0 | \$0 |
| 348 Loan Liability - Current | \$0 | \$0 | \$0 | \$0 |
| 310 Total Current Liabilities | \$122,205 | \$122,205 | \$0 | \$122,205 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$70,085 | \$70,085 | \$0 | \$70,085 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | \$0 | \$0 | \$0 | \$0 |
| 353 Non-current Liabilities - Other | \$0 | \$0 | \$0 | \$0 |
| 354 Accrued Compensated Absences - Non Current | \$0 | \$0 | \$0 | \$0 |
| 355 Loan Liability - Non Current | \$0 | \$0 | \$0 | \$0 |
| 356 FASB 5 Liabilities | \$0 | \$0 | \$0 | \$0 |
| 357 Accrued Pension and OPEB Liabilities | \$0 | \$0 | \$0 | \$0 |
| 350 Total Non-Current Liabilities | \$70,085 | \$70,085 | \$0 | \$70,085 |
| 300 Total Liabilities | \$192,290 | \$192,290 | \$0 | \$192,290 |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$3,891,708 | \$3,891,708 | \$0 | \$3,891,708 |
| 511.1 Restricted Net Assets | \$0 | \$0 | \$0 | \$0 |
| 512.1 Unrestricted Net Assets | \$557,229 | \$557,229 | \$0 | \$557,229 |
| 513 Total Equity/Net Assets | \$4,448,937 | \$4,448,937 | \$0 | \$4,448,937 |
| 600 Total Liabilities and Equity/Net Assets | \$4,641,227 | \$4,641,227 | \$0 | \$4,641,227 |

Housing Authority of the City of Angola (IN039)
ANGOLA, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

| | Project Total | Subtotal | ELIM | Total |
|---|---------------|-----------|------|-----------|
| 70300 Net Tenant Rental Revenue | \$372,527 | \$372,527 | \$0 | \$372,527 |
| 70400 Tenant Revenue - Other | \$35,810 | \$35,810 | \$0 | \$35,810 |
| 70500 Total Tenant Revenue | \$408,337 | \$408,337 | \$0 | \$408,337 |
| 70600 HUD PHA Operating Grants | \$423,877 | \$423,877 | \$0 | \$423,877 |
| 70610 Capital Grants | \$35,032 | \$35,032 | \$0 | \$35,032 |
| 70710 Management Fee | \$0 | \$0 | \$0 | \$0 |
| 70720 Asset Management Fee | \$0 | \$0 | \$0 | \$0 |
| 70730 Book Keeping Fee | \$0 | \$0 | \$0 | \$0 |
| 70740 Front Line Service Fee | \$0 | \$0 | \$0 | \$0 |
| 70750 Other Fees | \$0 | \$0 | \$0 | \$0 |
| 70700 Total Fee Revenue | \$0 | \$0 | \$0 | \$0 |
| 70800 Other Government Grants | \$0 | \$0 | \$0 | \$0 |
| 71100 Investment Income - Unrestricted | \$112 | \$112 | \$0 | \$112 |
| 71200 Mortgage Interest Income | \$0 | \$0 | \$0 | \$0 |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0 | \$0 | \$0 | \$0 |
| 71310 Cost of Sale of Assets | \$0 | \$0 | \$0 | \$0 |
| 71400 Fraud Recovery | \$1,390 | \$1,390 | \$0 | \$1,390 |
| 71500 Other Revenue | \$8,563 | \$8,563 | \$0 | \$8,563 |
| 71600 Gain or Loss on Sale of Capital Assets | \$0 | \$0 | \$0 | \$0 |
| 72000 Investment Income - Restricted | \$0 | \$0 | \$0 | \$0 |
| 70000 Total Revenue | \$877,311 | \$877,311 | \$0 | \$877,311 |
| 91100 Administrative Salaries | \$136,120 | \$136,120 | \$0 | \$136,120 |
| 91200 Auditing Fees | \$3,200 | \$3,200 | \$0 | \$3,200 |
| 91300 Management Fee | \$0 | \$0 | \$0 | \$0 |
| 91310 Book-keeping Fee | \$0 | \$0 | \$0 | \$0 |
| 91400 Advertising and Marketing | \$4,337 | \$4,337 | \$0 | \$4,337 |
| 91500 Employee Benefit contributions - Administrative | \$44,593 | \$44,593 | \$0 | \$44,593 |
| 91600 Office Expenses | \$32,630 | \$32,630 | \$0 | \$32,630 |
| 91700 Legal Expense | \$2,600 | \$2,600 | \$0 | \$2,600 |
| 91800 Travel | \$6,530 | \$6,530 | \$0 | \$6,530 |
| 91810 Allocated Overhead | \$0 | \$0 | \$0 | \$0 |
| 91900 Other | \$20,243 | \$20,243 | \$0 | \$20,243 |
| 91000 Total Operating - Administrative | \$250,253 | \$250,253 | \$0 | \$250,253 |
| 92000 Asset Management Fee | \$0 | \$0 | \$0 | \$0 |
| 92100 Tenant Services - Salaries | \$0 | \$0 | \$0 | \$0 |
| 92200 Relocation Costs | \$0 | \$0 | \$0 | \$0 |
| 92300 Employee Benefit Contributions - Tenant Services | \$0 | \$0 | \$0 | \$0 |
| 92400 Tenant Services - Other | \$4,306 | \$4,306 | \$0 | \$4,306 |
| 92500 Total Tenant Services | \$4,306 | \$4,306 | \$0 | \$4,306 |
| 93100 Water | \$8,404 | \$8,404 | \$0 | \$8,404 |
| 93200 Electricity | \$59,920 | \$59,920 | \$0 | \$59,920 |
| 93300 Gas | \$16,656 | \$16,656 | \$0 | \$16,656 |
| 93400 Fuel | \$0 | \$0 | \$0 | \$0 |
| 93500 Labor | \$0 | \$0 | \$0 | \$0 |
| 93600 Sewer | \$16,528 | \$16,528 | \$0 | \$16,528 |
| 93700 Employee Benefit Contributions - Utilities | \$0 | \$0 | \$0 | \$0 |
| 93800 Other Utilities Expense | \$0 | \$0 | \$0 | \$0 |
| 93000 Total Utilities | \$101,508 | \$101,508 | \$0 | \$101,508 |

| | | | | |
|--|-------------|-------------|-----------|-------------|
| 94100 Ordinary Maintenance and Operations - Labor | \$100,559 | \$100,559 | \$0 | \$100,559 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$45,382 | \$45,382 | \$0 | \$45,382 |
| 94300 Ordinary Maintenance and Operations Contracts | \$71,815 | \$71,815 | \$0 | \$71,815 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$45,777 | \$45,777 | \$0 | \$45,777 |
| 94000 Total Maintenance | \$263,533 | \$263,533 | \$0 | \$263,533 |
| 95100 Protective Services - Labor | \$0 | \$0 | \$0 | \$0 |
| 95200 Protective Services - Other Contract Costs | \$14,858 | \$14,858 | \$0 | \$14,858 |
| 95300 Protective Services - Other | \$0 | \$0 | \$0 | \$0 |
| 95500 Employee Benefit Contributions - Protective Services | \$0 | \$0 | \$0 | \$0 |
| 95000 Total Protective Services | \$14,858 | \$14,858 | \$0 | \$14,858 |
| 96110 Property Insurance | \$26,915 | \$26,915 | \$0 | \$26,915 |
| 96120 Liability Insurance | \$6,287 | \$6,287 | \$0 | \$6,287 |
| 96130 Workmen's Compensation | \$4,221 | \$4,221 | \$0 | \$4,221 |
| 96140 All Other Insurance | \$7,552 | \$7,552 | \$0 | \$7,552 |
| 96100 Total Insurance Premiums | \$44,975 | \$44,975 | \$0 | \$44,975 |
| 96200 Other General Expenses | \$16,854 | \$16,854 | \$0 | \$16,854 |
| 96210 Compensated Absences | \$13,404 | \$13,404 | \$0 | \$13,404 |
| 96300 Payments in Lieu of Taxes | \$28,145 | \$28,145 | \$0 | \$28,145 |
| 96400 Bad debt - Tenant Rents | \$11,982 | \$11,982 | \$0 | \$11,982 |
| 96500 Bad debt - Mortgages | \$0 | \$0 | \$0 | \$0 |
| 96600 Bad debt - Other | \$0 | \$0 | \$0 | \$0 |
| 96800 Severance Expense | \$0 | \$0 | \$0 | \$0 |
| 96000 Total Other General Expenses | \$70,385 | \$70,385 | \$0 | \$70,385 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$6,416 | \$6,416 | \$0 | \$6,416 |
| 96720 Interest on Notes Payable (Short and Long Term) | \$0 | \$0 | \$0 | \$0 |
| 96730 Amortization of Bond Issue Costs | \$0 | \$0 | \$0 | \$0 |
| 96700 Total Interest Expense and Amortization Cost | \$6,416 | \$6,416 | \$0 | \$6,416 |
| 96900 Total Operating Expenses | \$756,234 | \$756,234 | \$0 | \$756,234 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$121,077 | \$121,077 | \$0 | \$121,077 |
| 97100 Extraordinary Maintenance | \$0 | \$0 | \$0 | \$0 |
| 97200 Casualty Losses - Non-capitalized | \$0 | \$0 | \$0 | \$0 |
| 97300 Housing Assistance Payments | \$0 | \$0 | \$0 | \$0 |
| 97350 HAP Portability-In | \$0 | \$0 | \$0 | \$0 |
| 97400 Depreciation Expense | \$436,024 | \$436,024 | \$0 | \$436,024 |
| 97500 Fraud Losses | \$0 | \$0 | \$0 | \$0 |
| 97600 Capital Outlays - Governmental Funds | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | |
| 97800 Dwelling Units Rent Expense | \$0 | \$0 | \$0 | \$0 |
| 90000 Total Expenses | \$1,192,258 | \$1,192,258 | \$0 | \$1,192,258 |
| 10010 Operating Transfer In | \$17,963 | \$17,963 | -\$17,963 | \$0 |
| 10020 Operating transfer Out | -\$17,963 | -\$17,963 | \$17,963 | \$0 |
| 10030 Operating Transfers from/to Primary Government | \$0 | \$0 | \$0 | \$0 |
| 10040 Operating Transfers from/to Component Unit | \$0 | \$0 | \$0 | \$0 |
| 10050 Proceeds from Notes, Loans and Bonds | | | | |
| 10060 Proceeds from Property Sales | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | \$0 | \$0 | \$0 | \$0 |
| 10080 Special Items (Net Gain/Loss) | \$0 | \$0 | \$0 | \$0 |
| 10091 Inter Project Excess Cash Transfer In | \$0 | \$0 | \$0 | \$0 |
| 10092 Inter Project Excess Cash Transfer Out | \$0 | \$0 | \$0 | \$0 |
| 10093 Transfers between Program and Project - In | \$0 | \$0 | \$0 | \$0 |
| 10094 Transfers between Project and Program - Out | \$0 | \$0 | \$0 | \$0 |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$314,947 | -\$314,947 | \$0 | -\$314,947 |

| | | | | |
|---|-------------|-------------|-----|-------------|
| 11020 Required Annual Debt Principal Payments | \$43,937 | \$43,937 | | \$43,937 |
| 11030 Beginning Equity | \$4,763,884 | \$4,763,884 | \$0 | \$4,763,884 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | \$0 | \$0 | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | |
| 11050 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 | 2168 | 2168 | 0 | 2168 |
| 11210 Number of Unit Months Leased | 2060 | 2060 | 0 | 2060 |
| 11270 Excess Cash | \$416,727 | \$416,727 | | \$416,727 |
| 11610 Land Purchases | \$0 | \$0 | | \$0 |
| 11620 Building Purchases | \$35,032 | \$35,032 | | \$35,032 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | \$0 | | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | \$0 | | \$0 |
| 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 |

OTHER REPORTS

Jean Sickels

Certified Public Accountant

870 Cinderella Court
Decatur, GA 30033-5812

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
Housing Authority of the City of Angola
617 North Williams Street
Angola, 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 Housing Authority of the City of Angola, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Angola's basic financial statements and have issued my report thereon dated March 25, 2013.

Internal Control Over Financial Reporting

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

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 entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Certified Public Accountant

Fredericksburg, IN
March 25, 2013

HOUSING AUTHORITY OF THE CITY OF ANGOLA
Angola, Indiana

DECEMBER 31, 2012

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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Facsimile No. (812) 472-3649

Mobile No. (404) 307-5903

March 25, 2013

Board of Commissioners
Housing Authority of the City of Angola
617 North Williams Street
Angola, Indiana

In planning and performing my audit of the financial statements of the Housing Authority of the City of Angola as of and for the year ended December 31, 2012, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated March 25, 2013 on the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comments and suggestions with Authority personnel, and will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comments are summarized as follows:

1. CONDITION: INVENTORY

A physical count was conducted while on site on March 25, 2013 and several discrepancies were identified.

RECOMMENDATION:

The Authority should thoroughly review the inventory list and make any necessary corrections.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Jean Sickels
Certified Public Accountant