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June 24, 2014

Board of Directors
Housing Authority of the City of Bloomington
1007 N. Summit Street
Bloomington, IN 47404

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period October 1, 2012 to September 30, 2013. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Bloomington, as of September 30, 2013 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**HOUSING AUTHORITY
OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

TWELVE MONTHS ENDED SEPTEMBER 30, 2013

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Indiana

I have audited the accompanying financial statements of the Housing Authority of the City of Bloomington, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bloomington'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 Housing Authority of the City of Bloomington'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 Housing Authority of the City of Bloomington'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 Housing Authority of the City of Bloomington, as of September 30, 2013 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

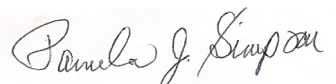
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Bloomington's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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 42 to 46 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 March 14, 2014 on my consideration of the Housing Authority of the City of Bloomington'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
March 14, 2014


Certified Public Accountant

BLOOMINGTON HOUSING AUTHORITY
Bloomington, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2013

The management of the Bloomington Housing Authority (PHA) offers this narrative overview and analysis of its unaudited financial statements for fiscal year ended September 30, 2013. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenues covered current year expenses and the extent to which the Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS:

- The assets of the PHA exceed its liabilities as of September 30, 2013 by \$8,515,852 (Net Position).
- The PHA's investment in Capital Assets-net of related debt as of September 30, 2013 was \$6,255,502.
- The PHA's total revenue for the fiscal year end September 30, 2013 was \$10,135,455.
- The PHA's total expenses for the fiscal year end September 30, 2013 was \$11,240,962.
- Therefore, the PHA's total expenses exceed its' total revenues by \$1,105,507.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Position* – reports the Authority's current financial resources: its cash and other current assets, its current and non-current liabilities and comparing those two elements, the resulting net position of the PHA. A comparison between this year and the preceding year is also provided.
- *Statement of Revenue and Expenses* – reports the PHA's various revenue and expenses and provides a comparison between this year and the preceding year.

BLOOMINGTON HOUSING AUTHORITY
Bloomington, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2013

ANALYSIS OF FINANCIAL STATEMENTS:

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Variances</u>
Cash and Investments	2,582,082	3,070,866	(488,784)	-16%
Other Current Assets	180,345	344,732	(164,387)	-48%
Other Assets	-	32,207	(32,207)	-100%
Capital Assets	8,539,377	9,209,841	(670,464)	-7%
Total Assets	11,301,804	12,657,646	(1,355,842)	-11%
Deferred Outflows of Revenue	7,661	-	7,661	0%
TOTAL	11,309,465	12,657,646	(1,348,181)	-11%
Current Liabilities	335,372	527,715	(192,343)	-36%
Long Term Liabilities	2,378,090	2,477,848	(99,758)	-4%
Total Liabilities	2,713,462	3,005,563	(292,101)	-10%
Deferred Inflows of Revenue	80,151	-	80,151	0%
Net Investment in Capital Assets	6,255,502	6,762,174	(506,672)	-8%
Restricted	377,531	902,199	(524,668)	-58%
Unrestricted	1,882,819	1,987,710	(104,891)	-5%
Total Net Position	8,515,852	9,652,083	(1,136,231)	-12%
TOTAL	11,309,465	12,657,646	(1,348,181)	-11%

The decrease in cash is due mostly to the following: (1) Lower governmental funding levels in addition to sequestration cuts.

The decrease in capital assets is due to the following: (1) the accumulated depreciation balance in the projects being substantially higher due to the CFP's closed into it from the year before.

The decrease in current liabilities and the decrease in long term liabilities is primarily due to the reclassification on the Financial Data Schedule (FDS) of compensated absences and the repayment of the CFFP Bond and Energy Performance Loan payments.

BLOOMINGTON HOUSING AUTHORITY
Bloomington, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2013

ANALYSIS OF STATEMENT OF REVENUE & EXPENSES
PRIOR AND CURRENT FISCAL YEAR:

	<u>Year Ending September 30</u>		<u>Increase</u>
REVENUE	<u>2013</u>	<u>2012</u>	<u>(Decrease)</u>
Tenant Revenue	702,164	732,372	(30,208)
HUD Operating and Capital Grants	9,005,131	9,230,724	(225,593)
Other Governmental Grants	3,654	397,778	(394,124)
Interest-Unrestricted	2,079	3,687	(1,608)
Interest-Restricted	101	1,476	(1,375)
Other Revenue	315,580	118,757	196,823
Fraud Recovery	106,746	163,858	(57,112)
Gain(Loss) on Sale of Assets	-	(17,629)	17,629
Total Revenue	10,135,455	10,631,023	(495,568)
EXPENSES			
Administrative expenses	1,097,972	1,167,280	(69,308)
Tenant Services	163,878	143,440	20,438
Utilities	429,975	413,658	16,317
Ordinary Maintenance	564,800	528,711	36,089
Protective Services	18,220	12,100	6,120
General Expenses	165,158	144,019	21,139
Insurance Expense	108,643	95,600	13,043
Interest Expense	111,021	123,407	(12,386)
Housing Assistance Payments	7,390,022	7,299,871	90,151
Extraordinary Maintenance	314,930	214,780	100,150
Casualty Losses	8,439	59,141	(50,702)
HAP Portability In	-	-	-
Fraud Losses	74,483	99,294	(24,811)
Depreciation	793,421	771,745	21,676
Total Expenses	11,240,962	11,073,046	167,916
Excess of Revenue Over Expenses	\$ (1,105,507)	(442,023)	

BLOOMINGTON HOUSING AUTHORITY
Bloomington, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2013

The decrease in Housing and Urban Development (HUD) Operating & Capital Grants is primarily due to the following: (1) Lower funding levels from HUD and sequestration cuts.

The decrease in Other Governmental Grants is primarily due to a decrease in other funding sources. In 2012 we utilized CDBG funds as well as HOME Program funds but in 2013 we did not get awarded either of those grants.

The increase in Other Revenue is due to (1) the re-recording of very old fraud revenue to clean up our accounting processes. Some of these debts were over 20 years old but had to be recorded to show them in our software system.

The increase in Gain/(Loss) on sale of assets is because we did not have any assets to write off this year and we did not sell any capital assets in FY2013.

The decrease in Administrative expenses is due to the following: (1) a newer staff with a slightly lower salary cost.

The increase in general expenses relates to old payment agreement accounts that were written off due to inactivity on the accounts. We were cleaning up our old accounting procedures.

The increase in extraordinary maintenance is mainly due to unforeseen renovations to our properties to help renovate our public housing stock.

The Casualty Loss decrease is because we had no major claims in this fiscal year.

BLOOMINGTON HOUSING AUTHORITY
Bloomington, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING SEPTEMBER 30, 2013

ANALYSIS OF CAPITAL ASSET ACTIVITY

	2013	2012	Net Change	Percent Variance
Land	934,929	934,929	0	0%
Buildings	13,005,461	13,063,229	(57,768)	0%
Furniture, Equipment, & Machinery - Dwelling	38,048	38,048	0	0%
Furniture, Equipment, & Machinery - Administrative	156,259	134,455	21,804	16%
Leasehold Improvements	3,431,723	3,361,157	70,566	2%
Construction in Process	238,855	150,500	88,355	59%
Total Fixed Assets	17,805,275	17,682,318	122,957	1%
Accumulated Depreciation	9,265,898	8,472,477	793,421	9%
Net Fixed Assets	8,539,377	9,209,841	(670,464)	-7%

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the PHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jennifer J. Osterholt, Executive Director, Bloomington Housing Authority, 1007 North Summit, Bloomington, IN 47404.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

ASSETS

Cash - operating	\$ 1,591,496
Cash - restricted	615,989
Receivables, net	70,222
Accrued interest receivable	63
Investments	374,597
Inventory	63,420
Prepaid expenses	46,640
Capital assets:	
Land, land improvements and construction in progress	\$ 1,173,784
Other capital assets, net of depreciation	<u>7,365,593</u>
Total Capital Assets	<u>\$ 8,539,377</u>
Total Assets	<u>\$ 11,301,804</u>

DEFERRED OUTFLOWS OF RESOURCES (Note 10) \$ 7,661

TOTAL \$ 11,309,465

LIABILITIES

Accounts payable	\$ 68,512
Notes payable	171,549
Other liabilities	79,106
Unearned revenue	16,205
Noncurrent liabilities:	
Notes payable	2,112,326
FSS escrow	166,547
Earned compensated absences	<u>99,217</u>
Total Liabilities	<u>\$ 2,713,462</u>

DEFERRED INFLOWS OF RESOURCES (Note 17) \$ 80,151

NET POSITION

Net investment in capital assets	\$ 6,255,502
Restricted	377,531
Unrestricted	<u>1,882,819</u>
Total Net Position	<u>\$ 8,515,852</u>
TOTAL	<u><u>\$ 11,309,465</u></u>

The notes to financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>Operating Income</u>	
Tenant rental revenue	\$ 608,672
Tenant revenue - other	<u>93,492</u>
Total Rental Revenue	\$ 702,164
HUD grants - operating	8,903,978
Other government grants	3,654
Fraud recovery	106,746
Other revenue	<u>315,580</u>
Total Operating Income	<u>\$ 10,032,122</u>
<u>Operating Expenses</u>	
Administration	\$ 1,097,972
Tenant services	163,878
Utilities	429,975
Ordinary maintenance and operation	564,800
Protective services	18,220
General expense	348,284
Extraordinary maintenance	314,930
Housing assistance payments	7,390,022
Depreciation	<u>793,421</u>
Total Operating Expenses	<u>\$ 11,121,502</u>
Net Operating Income (Loss)	<u>\$ -1,089,380</u>
<u>Nonoperating Income (Expense)</u>	
Interest and bond amortization expense	\$ -111,021
Interest income	2,180
Casualty losses	<u>-8,439</u>
Total Nonoperating Income (Expense)	<u>\$ -117,280</u>
<u>Capital Contributions</u>	
Capital fund grants	<u>\$ 101,153</u>
Total Capital Contributions	<u>\$ 101,153</u>
Changes in net position	\$ -1,105,507
Net position, beginning of year	9,652,083
Prior year adjustments	<u>-30,724</u>
Net position, end of year	<u><u>\$ 8,515,852</u></u>

The notes to financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Operating Activities

Operating grants	\$ 9,043,474
Tenant revenue	704,933
Other revenue	422,326
Housing assistance payments	-7,390,022
Payments to employees	-1,052,002
Payments to suppliers and contractors	<u>-1,914,685</u>

Net Cash Provided (Used) by Operating Activities \$ -185,976

Investing Activities

Investments (purchased) redeemed	\$ 477,499
Interest income	<u>2,248</u>

Net Cash Provided (Used) by Investing Activities \$ 479,747

Capital and Related Financing Activities

HUD grants - capital	\$ 101,153
(Additions) deletions to capital assets	-122,957
Casualty losses	-8,439
Interest and bond amortization expense	-111,021
Issuance (retirement) of debt	<u>-163,792</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -305,056

Net Change in Cash \$ -11,285

Cash Balance at September 30, 2012 (net of overdraft) 2,218,770

Cash Balance at September 30, 2013 \$ 2,207,485

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

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

Net operating income (loss)	\$ -1,089,380
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	793,421
Adjustment to net position	-30,724
 (Increase) decrease in accounts receivable	 158,652
(Increase) decrease in prepaid expenses	-10,409
(Increase) decrease in inventory	16,076
(Increase) decrease in other assets	32,207
(Increase) decrease in deferred outflows	-7,661
 Increase (decrease) in accounts payable	 -142,321
Increase (decrease) in other liabilities	26,332
Increase (decrease) in unearned revenues	3,442
Increase (decrease) in FSS escrow	-15,762
Increase (decrease) in deferred inflows	<u>80,151</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ -185,976</u></u>

The notes to financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Bloomington 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.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 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 (Amps)
- * Capital Fund Program
- * Housing Choice Vouchers
- * State and Local
- * Section 8 Moderate Rehabilitation Single Room Occupancy
- * Public Housing Family Self-Sufficiency/ROSS
- * COCC

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 six (6) months or less when purchased to be cash equivalents.

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net assets and have been eliminated in the basic financial statements.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at September 30, 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.

(h) Inventories and Materials -

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

(i) Investments -

Investments are stated at cost which approximates market.

(j) 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 two thousand dollars (\$2,000) 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.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(j) Fixed Assets - Continued

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	15 - 40	years
Equipment	5-7	years
Computers	5	years
Transportation equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	15	years

(k) Net Position -

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

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

(l) Income Tax -

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

(m) 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.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

- (n) The Housing Authority adopts a budget annually. The budget and any subsequent revisions are submitted to the Board for approval.
- (o) 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.
- (p) 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.
- (q) Rental income is recognized as rents become due.
- (r) 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 to or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Amps	\$ 695,529	\$ 755,433
Central Office Cost Center	687,850	687,719
Voucher	<u>824,106</u>	<u>832,899</u>
Total	<u>\$ 2,207,485</u>	<u>\$ 2,276,051</u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Amps	\$ 229,586	\$ 229,586
Voucher	<u>145,011</u>	<u>145,011</u>
Total	<u>\$ 374,597</u>	<u>\$ 374,597</u>

Note 3 - Compensated Absences

Sick Leave

Full-time employees will earn monthly 5.83 hours of sick leave for each month worked beginning on the first date of employment. Part-time employees are not eligible for sick leave. Eligible employees may use sick leave after it is earned and may accumulate a maximum of 420 hours.

Employees not actively working at least one-half of their normally scheduled hours (excluding use of vacation time) over any four week period will not earn sick leave during that time.

The minimum amount of sick time taken at any one time shall be no less than one half hour. Additional time off after the first half hour on any occasion may be taken in increments of 15 minutes.

Chronic absenteeism or patterns of abuse of sick leave will be subject to disciplinary action up to and including termination of employment. Any combination of infractions may constitute a pattern of abuse of unscheduled time. Any occurrences of unscheduled time off, of more than 49 hours or 7 occurrences will be considered excessive absenteeism. An occurrence is defined as any consecutive unscheduled absences.

Employees generally will be paid for accrued but unused sick leave in accordance with Appendix B. However, employees who are terminated for gross misconduct or resign without providing two weeks' notice will forfeit their right to receive this payment.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 3 - Compensated Absences (Continued)

Vacation

Employees receive vacation hours consistent with their years of service. For full-time employees in their first year of employment, vacation hours are credited upon commencement of employment in accordance with Chart 1. Following the first year of employment, vacation hours are credited on January 1 of each year in accordance with Chart 2. Probationary employees may use up to 7 hours of their vacation time during the probationary period with the approval of their supervisor.

The following department heads shall receive credited vacation through the negotiation process with the approval of the Board of Commissioners: Controller, Administrative Director. The Executive Director's vacation hours will be determined by contract.

Employees not actively working at least one half of their regularly scheduled hours (excluding use of vacation time) over any four week period will have their credited vacation hours reduced by 1/12 for each four week period the employee does not actively work the minimum amount of time as stated.

Vacation time may not be taken in increments of less than one hour. While employees are credited with the full complement of their vacation time on January 1 of each year, employees may utilize no more than 50 percent of their total annual vacation allotment in the first half of each calendar year. Exceptions may be granted in rare circumstances with approval of the Executive Director.

During the probation period established, probationary employees may only use up to 7 credited vacation hours at the discretion of their Supervisor until the end of their probationary status.

Employees may carry over one year's worth of credited vacation hours. Any additional accrued but unused vacation hours will be lost on December 31.

Employees generally will be paid for accrued but unused vacation. However, employees who are terminated for gross misconduct or resign without providing two weeks' notice will forfeit their right to receive this payment.

The BHA offers all employees who qualify an opportunity to annually roll over accrued but unused vacation hours into their sick time. The program allows employees the opportunity to "sell back" sick hours to the BHA once a year.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 3 - Compensated Absences (Continued)

For full time employees other than those specifically mentioned in the employee handbook: Employees hired before 2007 will be locked into their current leave time until the point in time they reach leave time on the new schedule that is greater than what they currently accumulate.

CHART 1	MONTH OF HIRE	HOURS CREDITED		CHART 2	CALENDAR YEAR OF EMPLOYMENT	HOURS CREDITED
	January	35			2	77
	February	35			3	84
	March	28			4	91
For Full Time	April	28			5	126
Employees In	May	28		For Full Time	6	126
Their 1st	June	21		Employees In	7	126
Calendar	July	21		At Least Their	8	142
Year of	August	14		2nd Year of	9	142
Employment	September	14		Employment	10	175
	October	7			11	175
	November	7			12	175
	December	7			13	184
					14	184
					15	184

*Employees hired before 2007 will be locked into their current leave until the point in time they reach leave time on the new schedule that is greater than what they currently accumulate.

<u>Years of Employment</u>	<u>Full-Time Accrued Monthly</u>	<u>Part-Time Accrued Monthly</u>
0-1 year	5.83 hours	2.92 hours
2-4 years	8.75 hours	4.37 hours
5-9 years	11.66 hours	5.83 hours
10 years +	14.58 hours	7.29 hours

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 3 - Compensated Absences (Continued)

CHART A	MONTH	PERCENTAGE OF VACATION CREDITED		CHART B	YEARS OF EMPLOYMENT	HOURS
	January 1-31	0			3	21
	February 1-29	10			4	28
Pay For Unused	March 1-31	20			5	35
Credited Vacation	April 1-30	30			6	42
Time in the Current	May 1-31	40			7	49
Year Upon	June 1-30	50			8	56
Separation From	July 1-31	60			9	63
Employment	August 1-31	70		Pay For Earned	10	70
	September 1-30	80		Sick Time Upon	11	77
	October 1-31	90		Separation From	12	84
	November 1-30	1		Employment	13	91
					14	98
					15	105
					16	112
					17	119
					18	126
					19	133
					20+	140

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 3 - Compensated Absences (Continued)

Each year full time employees in good standing are given the opportunity to roll over vacation hours, up to a maximum of 35 hours annually, into their earned sick time. Employees must have a minimum of 112 hours of vacation time before they can roll over any hours into sick time. The BHA will buy back hours at an hourly rate of \$10. The BHA will buy back a maximum of hours according to the chart below:

MINIMUM HOURS IN SICK BANK	MAXIMUM HOURS OF BUY BACK	BENEFIT BEFORE TAXES
112	7	\$70.00
147	14	\$140.00
182	21	\$210.00
217	28	\$280.00
252	35	\$350.00
287	42	\$420.00
322	49	\$490.00
357	56	\$560.00
392	63	\$630.00
420	70	\$700.00

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its regular full-time and part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Housing Authority to contribute 10% of covered wages. Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduced current costs and contribution requirements. Pension plan contributions made for the fiscal year ended September 30, 2013 were \$87,093 related to \$1,073,882 salaries/wages paid.

Note 5 - Post-Employment Benefits

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

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - PHA projects	\$ 19
Accounts receivable - miscellaneous	680
Tenants accounts receivable	4,810
Allowance for doubtful accounts - tenants	-1,477
Fraud recovery	139,710
Allowance for doubtful accounts - fraud	<u>-73,520</u>
Subtotal	\$ 70,222
Interfund	<u>82,170</u>
Total	<u><u>\$ 152,392</u></u>

Note 7 - Investments

At September 30, 2013 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.20%	<u>\$ 374,597</u>	<u>\$ 374,597</u>

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	<u><u>\$ 46,640</u></u>
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Note 9 - Capital Assets

Balance as of September 30, 2013	\$ 8,539,377
Balance as of September 30, 2012	<u>9,209,841</u>
Net Increase (Decrease)	<u><u>\$ -670,464</u></u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 9 - Capital Assets (Continued)

Reconciliation

Property betterments and additions	\$ 101,153
Replacement of nonexpendable equipment	21,804
Current year depreciation expense	<u>-793,421</u> *
Net Increase (Decrease)	<u>\$ -670,464</u>

<u>Analysis</u>	<u>10/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>09/30/2013 Balance</u>
Land	\$ 934,929	\$ 0	\$ 0	\$ 934,929
Buildings	13,063,229	98,913	156,681	13,005,461
Equipment and furniture	172,503	21,804	0	194,307
Leasehold improvements	3,361,157	70,566	0	3,431,723
Construction in progress	<u>150,500</u>	<u>88,355</u>	<u>0</u>	<u>238,855</u>
Total	\$ 17,682,318	\$ 279,638	\$ 156,681	\$ 17,805,275
Accumulated depreciation	<u>-8,472,477</u>	<u>0</u>	<u>793,421</u> *	<u>-9,265,898</u>
Net Assets	<u>\$ 9,209,841</u>	<u>\$ 279,638</u>	<u>\$ 950,102</u>	<u>\$ 8,539,377</u>

* Current year depreciation expense.

Note 10 - Deferred Outflows of Resources

HUD - operating subsidy	<u>\$ 7,661</u>
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**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 11- Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 11,549
Accounts payable - HUD interest	1,257
Tenants security deposits	<u>55,706</u>
Subtotal	\$ 68,512
Interfund	<u>82,170</u>
Total	<u><u>\$ 150,682</u></u>

Note 12 - Notes Payable

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

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

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

Note 13 - Other Liabilities

Current Portion:

Wages/payroll taxes payable	\$ 14,949
Earned compensated absences	33,072
Utilities payable	<u>31,085</u>
Total Current Portion	\$ 79,106

Noncurrent Portion:

Earned compensated absences	<u>99,217</u>
Total	<u><u>\$ 178,323</u></u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 14 - Summary of Long Term Liabilities

The change in long term liabilities for the year ended September 30, 2013 is summarized as:

	10/01/2012			09/30/2013
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Notes payable	\$ 2,283,873	\$ 0	\$ 171,547	\$ 2,112,326
Earned compensated absences	11,666	87,551	0	99,217
FSS Escrow	<u>182,309</u>	<u>0</u>	<u>15,762</u>	<u>166,547</u>
Total	<u>\$ 2,477,848</u>	<u>\$ 87,551</u>	<u>\$ 187,309</u>	<u>\$ 2,378,090</u>

Note 15 - Unearned Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u>\$ 16,205</u>
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Note 16 - Long Term Debt

Debt service requirements for the long term debt are as follows:

<u>Due Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 171,549	\$ 103,376
2015	179,670	95,255
2016	188,128	86,796
2017	197,083	77,841
2018	206,415	68,510
2019-2023	845,730	210,300
2024-2028	495,300	25,203

The detail of the Housing Authority's other long term debt at year end is set forth below:

	<u>Rate</u>	<u>Issue Date</u>	<u>Due Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Fannie Mae	4.75%	8/22/06	2/1/25	\$ 98,099	\$ 1,622,577	\$ 1,720,676
Bond Premium	-	-	2026	60	705	765
Energy Contract	4.42%	12/20/07	6/20/20	<u>73,390</u>	<u>489,044</u>	<u>562,434</u>
Total				<u>\$ 171,549</u>	<u>\$ 2,112,326</u>	<u>\$ 2,283,875</u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 17 - Deferred Inflows of Resources

HUD subsidy	\$ <u>80,151</u>
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Note 18 - Administrative Fee

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

Note 19 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

Note 20 - Contingencies

Federal Grants

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

Note 21 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Prior year interest due to HUD	\$ -914
Write off bond fees	-29,865
Year end settlement for 2012	<u>55</u>
 Total	 \$ <u>-30,724</u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Note 22 - Contracts/Commitments

As of September 30, 2013, the Housing Authority had entered into the following pending construction projects in progress:

	Funds <u>Approved</u>	Funds Expended <u>To Date</u>
CFP 501-11	\$ 472,515	\$ 436,859
CFP 501-12	428,088	166,252
CFP 501-13	<u>389,957</u>	<u>0</u>
Total	<u>\$ 1,290,560</u>	<u>\$ 603,111</u>

Note 23 - Risk Management

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

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

Note 24 - Economic Dependency

The Housing Authority received most of its revenue (89%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 25 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	\$ 182,311
Modernization and Development	<u>195,220</u>
Total	<u>\$ 377,531</u>

SUPPLEMENTAL DATA

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
			FYE			
Public and Indian Housing	14.850a	C-894	09/30/13	\$ 1,114,581	\$ 1,114,581	\$ 1,114,581
			FYE			
Public Housing - Capital Fund	14.872	C-894	09/30/13	\$ 1,290,560	\$ 328,069	\$ 328,069
			FYE			
Housing Choice Voucher Program*	14.871	C-2013	09/30/13	\$ 7,479,162	\$ 7,479,162	\$ 7,479,162
			FYE			
Lower Income Housing Assistance Program - Single Room Occupancy	14.249	C-2013	09/30/13	\$ 24,298	\$ 24,298	\$ 24,298
			FYE			
ROSS Grant	14.870	C-2013	09/30/13	\$ 59,021	\$ 59,021	\$ 59,021
Total Assistance				\$ 9,967,622	\$ 9,005,131	\$ 9,005,131

*Denotes major program.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, 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 Bloomington, which comprise the statement of net position as of September 30, 2013, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bloomington's basic financial statements and have issued my report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

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

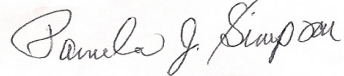
As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bloomington's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 Housing Authority of the City of Bloomington in a separate letter dated March 14, 2014.

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 Housing Authority of the City of Bloomington'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 Housing Authority of the City of Bloomington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois
March 14, 2014


Certified Public Accountant



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

Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Indiana

Report on Compliance for Each Major Program

I have audited the Housing Authority of the City of Bloomington's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Housing Authority of the City of Bloomington's major federal programs for the year ended September 30, 2013. The Housing Authority of the City of Bloomington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Bloomington's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133)*. Those standards and *OMB Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Bloomington's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major program. However, my audit does not provide a legal determination of the Housing Authority of the City of Bloomington's compliance.

Opinion on Each Major Program

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

Other Matters

The results of my auditing procedures disclosed no material instances of noncompliance which are to be reported in accordance with *OMB Circular A-133*.

I noted certain matters that I reported to the management of the Housing Authority of the City of Bloomington in a separate letter dated March 14, 2014.

Report on Internal Control Over Compliance

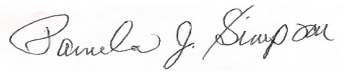
Management of the Housing Authority of the City of Bloomington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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

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

Decatur, Illinois
March 14, 2014


Certified Public Accountant

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2012 contained one finding.

Section I - Federal Award Findings

Finding 2012-001: Lack of Internal Control over Receipts

Sound, adequate internal controls as well as HUD rules and regulations require adequate accounting and record keeping for all receipts. While testing the internal controls over receipts and the recording of receipts, it was determined that the internal control system in place was not adequate. This finding is considered closed.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:

Unqualified

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Unqualified

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.871

Housing Choice Voucher Program

Dollar threshold used to distinguish between
type A and type B programs:

\$ 300,000

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

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Jennifer J. Osterholt, Executive Director and other members of management, during the audit or at an exit conference held March 14, 2014.

Section III - Federal Award Findings

There were no federal award audit findings discussed with Jennifer J. Osterholt, Executive Director and other members of management, during the audit or at an exit conference held March 14, 2014.

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>Amp 1</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
General fund investments	1162	\$ 497.03		1162
Investment income	3430		\$ 429.13	2810.512
Accrued interest receivable	1145		67.90	1145
(To record investments to actual)				
(2)				
Unrestricted net assets	2810.512	\$ 7,316.77		2810.512
CFFP bond fees	1420.130		\$ 7,316.77	1420.130
(To write off bond fees per GASB notice)				
(3)				
Revenue HUD grants - soft	07-3-501-010-3401.010	\$ 21,775.55		2802.501
Debt service - Amp 1	07-3-501-011-1501.001	\$ 21,775.55		2802.501
Debt service - Amp 1	07-3-501-010-1501.001		\$ 21,775.55	2802.501
Revenue HUD grants - soft	07-3-501-011-3401.010		\$ 21,775.55	2802.501
(To correct debt service payments from CFP 2010 to CFP 2011; payment were vouched to eLOCCs for CFP 2011 and 2012)				
(4)				
A/R - ROSS	----	\$ 6,362.97		----
Operating subsidy	3691		\$ 561.00	2810.512
A/R - HUD	1125		5,801.97	1125
(To reclassify HUD receivable to FSS/ROSS program and record additional subsidy)				
(5)				
Energy contract interest exp.	4511.010	\$ 961.25		2802.508
Energy contract	2120.400		\$ 961.25	2120.400
(To adjust energy contract note to actual)				
(6)				
Other charges for services	3440	\$ 529,842.55		2810.512
Collection losses	4570		\$ 529,842.55	2810.512
(To write off move out charges from prior years)				
(7)				
Admin salaries	4110	\$ 588.41		2810.512
Accrued compensated absences	2134.010	20,086.67		2134.010
Comp absence - admin	4110.010	3,357.34		2810.512
Comp absence - maintenance	4410.010	1,999.83		2810.512
Maintenance labor	4410	390.65		2810.512
Accrued payroll	2135		\$ 979.06	2135
Accrued comp abs - noncurrent	2134.020		25,443.84	2134.020
(To adjust accrued payroll and compensated absences to actual per reconciliation)				

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>Amp 1 (Cont'd)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(8)				
A/P - COCC	1295.900	\$ 4,000.00		1295.900
FHLB income	3691.006		\$ 4,000.00	2810.512
(To reverse JE #10293; developer fee was already recognized as revenue in FY 2012)				
<u>Amp 2</u>				
(1)				
Other charges for services	3440	\$ 1,322.87		2810.512
A/R - move out charges	1123		\$ 1,322.87	1123
(To adjust to reconciliation attached to JV#10933 with corrected write offs)				
(2)				
Unrestricted net assets	2810.512	\$ 22,547.67		2810.512
CFFP bond fees	1420.130		\$ 22,547.67	1420.130
(To write off bond fees per GASB notice)				
(3)				
Revenue HUD grants - soft	07-3-501-010- 3401.010	\$ 67,104.25		2802.501
Debt service - Amp 2	07-3-501-011- 1501.001	\$ 67,104.25		2802.501
Debt service - Amp 2	07-3-501-010 1501.001		\$ 67,104.25	2802.501
Revenue HUD grants - soft	07-3-501-011- 3401.010		\$ 67,104.25	2802.501
(To correct debt service payments from CFP 2010 to CFP 2011; payment were vouched to eLOCCs for CFP 2011 and 2012)				
(4)				
Energy contract	2120.400	\$ 9,715.22		2120.400
Energy contract interest exp.	4511.010		\$ 9,715.22	2802.508
(To adjust energy contract note to actual)				
(5)				
Other charges for services	3440	\$ 172,857.26		2810.512
Collection losses	4570		\$ 172,857.26	2810.512
(To write off move out charges from prior years)				
(6)				
Accrued compensated absences	2134.010	\$ 14,872.38		2134.010
Admin salaries	4110	467.40		2810.512
Maintenance labor	4410	506.86		2810.512
Comp absence - admin	4110.010		\$ 481.89	2810.512
Comp absence - maintenance	4410.010		492.22	2810.512
Accrued comp abs - noncurrent	2134.020		13,898.27	2134.020
Accrued payroll	2135		974.26	2135
(To adjust accrued payroll and compensated absences to actual per reconciliation)				

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>COCC</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Admin salaries	4110	\$ 1,320.90		2810.512
Accrued compensated absences	2134.010	46,322.46		2134.010
Comp absence - admin	4110.010	1,408.55		2810.512
Accrued comp abs - noncurrent	2134.020		\$ 47,731.01	2134.020
Accrued payroll	2135		1,320.90	2135

(To adjust accrued payroll and compensated absences to actual per reconciliation)

(2)				
Developer fees earned	3690.01	\$ 4,000.00		2810.512
A/R - Amp 1	1295.001		\$ 4,000.00	1295.001

(To reverse JE #10293; developer fee was already recognized as revenue in FY 2012)

Voucher

(1)				
General fund investment - admin	1162	\$ 313.19		1162
Interest income - admin	3430		\$ 313.19	2810.002

(To record interest on CD# 1000600105)

(2)				
Accrued comp abs - ST	2134.010	\$ 26,526.24		2134.010
Acc comp abs - LT	2134.020		\$ 24,566.32	2134.020
Comp abs - admin	4110.010		1,959.92	2810.002

(To adjust compensated absences to actual per H/A reconciliation)

(3)				
Admin salaries	4110	\$ 1,856.13		2810.002
FSS expense	4111	760.52		2810.002
Accrued payroll	2135		\$ 2,616.65	2135

(To adjust accrued payroll to actual per reconciliation)

Mod Rehab

(1)				
A/P - HUD	2118	\$ 55.00		2118
Unrestricted net assets	2810.512		\$ 55.00	2810.512

(To record HUD adjusting journal entry to 2012 FYE settlement)

(2)				
A/P- HUD	2118	\$ 1,051.72		2118
Revenue - HUD grants	3410		\$ 1,051.72	2810.512

(To record HUD adjusting journal entry to 2013 FYE settlement)

**HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
BLOOMINGTON, INDIANA**

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

<u>State and Local</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Vendors and contractors	2111	\$ 500.00		2111
Miscellaneous grant expense	4195		\$ 500.00	2810.512
(To remove an unnecessary payable on the books)				

ROSS

(1)				
A/R - HUD	1125	\$ 6,362.97		1125
A/P - Low Rent	----		\$ 6,362.97	----
(To reclassify HUD receivable to FSS/ROSS program)				

Housing Authority of the City of Bloomington (IN022)

BLOOMINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self Sufficiency under ROSS	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$428,398	\$475,248				\$687,850	\$1,591,496		\$1,591,496
112 Cash - Restricted - Modernization and Development	\$195,220						\$195,220		\$195,220
113 Cash - Other Restricted		\$348,858					\$348,858		\$348,858
114 Cash - Tenant Security Deposits	\$55,706						\$55,706		\$55,706
115 Cash - Restricted for Payment of Current Liabilities	\$16,205	\$0					\$16,205		\$16,205
100 Total Cash	\$695,529	\$824,106	\$0	\$0	\$0	\$687,850	\$2,207,485	\$0	\$2,207,485
121 Accounts Receivable - PHA Projects		\$19					\$19		\$19
122 Accounts Receivable - HUD Other Projects	\$561		\$737	\$6,363			\$7,661		\$7,661
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	\$0				\$680		\$680		\$680
126 Accounts Receivable - Tenants	\$4,810						\$4,810		\$4,810
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,477						-\$1,477		-\$1,477
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	\$73,090	\$66,620					\$139,710		\$139,710
128.1 Allowance for Doubtful Accounts - Fraud	-\$21,692	-\$51,828					-\$73,520		-\$73,520
129 Accrued Interest Receivable	\$27	\$36					\$63		\$63
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$55,319	\$14,847	\$737	\$6,363	\$680	\$0	\$77,946	\$0	\$77,946
131 Investments - Unrestricted	\$229,586	\$145,011					\$374,597		\$374,597
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$38,471	\$3,689				\$4,480	\$46,640		\$46,640
143 Inventories	\$63,420						\$63,420		\$63,420
143.1 Allowance for Obsolete Inventories	\$0						\$0		\$0
144 Inter Program Due From	\$32,587	\$0	\$2,895		\$95	\$46,592	\$82,170	-\$82,170	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$1,114,912	\$987,653	\$3,632	\$6,363	\$776	\$738,922	\$2,852,258	-\$82,170	\$2,770,088
161 Land	\$899,869					\$35,060	\$934,929		\$934,929
162 Buildings	\$12,877,426					\$128,035	\$13,005,461		\$13,005,461
163 Furniture, Equipment & Machinery - Dwellings	\$38,048						\$38,048		\$38,048
164 Furniture, Equipment & Machinery - Administration	\$40,706	\$35,321				\$80,232	\$156,259		\$156,259
165 Leasehold Improvements	\$3,431,428					\$295	\$3,431,723		\$3,431,723
165 Accumulated Depreciation	-\$9,069,782	-\$23,567				-\$172,549	-\$9,265,898		-\$9,265,898
167 Construction in Progress	\$238,855						\$238,855		\$238,855
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,456,550	\$11,754	\$0	\$0	\$0	\$71,073	\$8,539,377	\$0	\$8,539,377
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets	\$0						\$0		\$0
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$8,456,550	\$11,754	\$0	\$0	\$0	\$71,073	\$8,539,377	\$0	\$8,539,377
190 Total Assets	\$9,571,462	\$999,407	\$3,632	\$6,363	\$776	\$809,995	\$11,391,635	-\$82,170	\$11,309,465

Housing Authority of the City of Bloomington (IN022)

BLOOMINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self Sufficiency under ROSS	2 State/Local	COCC	Subtotal	ELIM	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$3,794	\$2,188			\$0	\$5,567	\$11,549		\$11,549
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$8,639	\$4,053		\$163		\$2,094	\$14,949		\$14,949
322 Accrued Compensated Absences - Current Portion	\$11,607	\$7,109				\$14,356	\$33,072		\$33,072
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs		\$1,257	\$0				\$1,257		\$1,257
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$55,706						\$55,706		\$55,706
342 Deferred Revenues	\$16,205	\$80,151					\$96,356		\$96,356
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$171,549						\$171,549		\$171,549
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$0	\$0					\$0		\$0
346 Accrued Liabilities - Other	\$31,085						\$31,085		\$31,085
347 Inter Program - Due To	\$53,955	\$21,576		\$6,363	\$276		\$82,170	-\$82,170	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$352,540	\$116,334	\$0	\$6,526	\$276	\$22,017	\$497,693	-\$82,170	\$415,523
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$2,112,326						\$2,112,326		\$2,112,326
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other		\$166,547					\$166,547		\$166,547
354 Accrued Compensated Absences - Non Current	\$34,821	\$21,326				\$43,070	\$99,217		\$99,217
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$2,147,147	\$187,873	\$0	\$0	\$0	\$43,070	\$2,378,090	\$0	\$2,378,090
300 Total Liabilities	\$2,499,687	\$304,207	\$0	\$6,526	\$276	\$65,087	\$2,875,783	-\$82,170	\$2,793,613
508.1 Invested in Capital Assets, Net of Related Debt	\$6,172,675	\$11,754				\$71,073	\$6,255,502		\$6,255,502
511.1 Restricted Net Assets	\$195,220	\$182,311					\$377,531		\$377,531
512.1 Unrestricted Net Assets	\$703,880	\$501,135	\$3,632	-\$163	\$500	\$673,835	\$1,882,819		\$1,882,819
513 Total Equity/Net Assets	\$7,071,775	\$695,200	\$3,632	-\$163	\$500	\$744,908	\$8,515,852	\$0	\$8,515,852
600 Total Liabilities and Equity/Net Assets	\$9,571,462	\$999,407	\$3,632	\$6,363	\$776	\$809,995	\$11,391,635	-\$82,170	\$11,309,465

Housing Authority of the City of Bloomington (IN022)

BLOOMINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$608,672						\$608,672		\$608,672
70400 Tenant Revenue - Other	\$93,492						\$93,492		\$93,492
70500 Total Tenant Revenue	\$702,164	\$0	\$0	\$0	\$0	\$0	\$702,164	\$0	\$702,164
70600 HUD PHA Operating Grants	\$1,341,497	\$7,479,162	\$24,298	\$59,021			\$8,903,978		\$8,903,978
70610 Capital Grants	\$101,153						\$101,153		\$101,153
70710 Management Fee						\$403,644	\$403,644	-\$403,644	\$0
70720 Asset Management Fee						\$33,720	\$33,720	-\$33,720	\$0
70730 Book Keeping Fee						\$142,478	\$142,478	-\$142,478	\$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$579,842	\$579,842	-\$579,842	\$0
70800 Other Government Grants					\$3,654		\$3,654		\$3,654
71100 Investment Income - Unrestricted	\$876	\$754				\$449	\$2,079		\$2,079
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery		\$106,746					\$106,746		\$106,746
71500 Other Revenue	\$223,973	\$88,452				\$3,155	\$315,580		\$315,580
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted	\$101						\$101		\$101
70000 Total Revenue	\$2,369,764	\$7,675,114	\$24,298	\$59,021	\$3,654	\$583,446	\$10,715,297	-\$579,842	\$10,135,455
91100 Administrative Salaries	\$177,479	\$195,136	\$6,345			\$256,933	\$635,893		\$635,893
91200 Auditing Fees	\$3,535	\$2,000				\$2,000	\$7,535		\$7,535
91300 Management Fee	\$245,364	\$158,280					\$403,644	-\$403,644	\$0
91310 Book-keeping Fee	\$27,645	\$114,833					\$142,478	-\$142,478	\$0
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	\$76,643	\$89,226	\$185			\$96,744	\$262,798		\$262,798
91600 Office Expenses	\$3,604	\$12,643				\$5,355	\$21,602		\$21,602
91700 Legal Expense	\$2,534	\$6,525				\$4,348	\$13,407		\$13,407
91800 Travel	\$5,231	\$4,065				\$8,417	\$17,713		\$17,713
91810 Allocated Overhead									
91900 Other	\$33,825	\$38,602		\$9,811		\$56,786	\$139,024		\$139,024
91000 Total Operating - Administrative	\$575,860	\$621,310	\$6,530	\$9,811	\$0	\$430,583	\$1,644,094	-\$546,122	\$1,097,972
92000 Asset Management Fee	\$33,720						\$33,720	-\$33,720	\$0
92100 Tenant Services - Salaries		\$92,714		\$49,373			\$142,087		\$142,087
92200 Relocation Costs	\$1,693						\$1,693		\$1,693
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$8,859	\$444			\$3,154	\$7,641	\$20,098		\$20,098
92500 Total Tenant Services	\$10,652	\$93,158	\$0	\$49,373	\$3,154	\$7,641	\$163,878	\$0	\$163,878

Housing Authority of the City of Bloomington (IN022)

BLOOMINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	2 State/Local	COCC	Subtotal	ELIM	Total
93100 Water	\$59,975						\$59,975		\$59,975
93200 Electricity	\$202,595						\$202,595		\$202,595
93300 Gas	\$78,404						\$78,404		\$78,404
93400 Fuel	\$0	\$0					\$0		\$0
93500 Labor	\$0						\$0		\$0
93600 Sewer	\$89,001						\$89,001		\$89,001
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$429,975	\$0	\$0	\$0	\$0	\$0	\$429,975	\$0	\$429,975
94100 Ordinary Maintenance and Operations - Labor	\$177,750						\$177,750		\$177,750
94200 Ordinary Maintenance and Operations - Materials and Other	\$122,655	\$1,358					\$124,013		\$124,013
94300 Ordinary Maintenance and Operations Contracts	\$172,783					\$6,573	\$179,356		\$179,356
94500 Employee Benefit Contributions - Ordinary Maintenance	\$83,681						\$83,681		\$83,681
94000 Total Maintenance	\$556,869	\$1,358	\$0	\$0	\$0	\$6,573	\$564,800	\$0	\$564,800
95100 Protective Services - Labor	\$18,220						\$18,220		\$18,220
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$18,220	\$0	\$0	\$0	\$0	\$0	\$18,220	\$0	\$18,220
96110 Property Insurance	\$60,485						\$60,485		\$60,485
96120 Liability Insurance	\$11,628	\$33					\$11,661		\$11,661
96130 Workmen's Compensation	\$19,481	\$4,539				\$6,042	\$30,062		\$30,062
96140 All Other Insurance	\$2,875	\$1,911				\$1,649	\$6,435		\$6,435
96100 Total Insurance Premiums	\$94,469	\$6,483	\$0	\$0	\$0	\$7,691	\$108,643	\$0	\$108,643
96200 Other General Expenses	\$0	\$6,460				\$64	\$6,524		\$6,524
96210 Compensated Absences	\$36,065	\$28,117				\$35,750	\$99,932		\$99,932
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents	\$43,128						\$43,128		\$43,128
96500 Bad debt - Mortgages									
96600 Bad debt - Other	\$15,574						\$15,574		\$15,574
96800 Severance Expense									
96000 Total Other General Expenses	\$94,767	\$34,577	\$0	\$0	\$0	\$35,814	\$165,158	\$0	\$165,158
96710 Interest of Mortgage (or Bonds) Payable	\$108,679						\$108,679		\$108,679
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs	\$2,342						\$2,342		\$2,342
96700 Total Interest Expense and Amortization Cost	\$111,021	\$0	\$0	\$0	\$0	\$0	\$111,021	\$0	\$111,021
96900 Total Operating Expenses	\$1,925,453	\$756,886	\$6,530	\$59,184	\$3,154	\$488,302	\$3,239,509	-\$579,842	\$2,659,667
97000 Excess of Operating Revenue over Operating Expenses	\$444,311	\$6,918,228	\$17,768	-\$163	\$500	\$95,144	\$7,475,788	\$0	\$7,475,788

Housing Authority of the City of Bloomington (IN022)

BLOOMINGTON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.877 Public Housing Family Self-Sufficiency under ROSS	2 State/Local	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$314,930						\$314,930		\$314,930
97200 Casualty Losses - Non-capitalized	\$8,439						\$8,439		\$8,439
97300 Housing Assistance Payments		\$7,373,306	\$16,716				\$7,390,022		\$7,390,022
97350 HAP Portability-In									
97400 Depreciation Expense	\$780,852	\$5,544				\$7,025	\$793,421		\$793,421
97500 Fraud Losses		\$74,483					\$74,483		\$74,483
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$3,029,674	\$8,210,219	\$23,246	\$59,184	\$3,154	\$495,327	\$11,820,804	-\$579,842	\$11,240,962
10010 Operating Transfer In	\$183,116						\$183,116	-\$183,116	\$0
10020 Operating transfer Out	-\$183,116						-\$183,116	\$183,116	\$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In	\$206,465						\$206,465	-\$206,465	\$0
10094 Transfers between Project and Program - Out						-\$206,465	-\$206,465	\$206,465	\$0
10100 Total Other financing Sources (Uses)	\$206,465	\$0	\$0	\$0	\$0	-\$206,465	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$453,445	-\$535,105	\$1,052	-\$163	\$500	-\$118,346	-\$1,105,507	\$0	-\$1,105,507
11020 Required Annual Debt Principal Payments	\$163,571	\$0	\$0	\$0	\$0	\$0	\$163,571		\$163,571
11030 Beginning Equity	\$7,527,478	\$1,231,219	\$2,525	\$0	\$27,607	\$863,254	\$9,652,083		\$9,652,083
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$2,258	-\$914	\$55		-\$27,607		-\$30,724		-\$30,724
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		\$512,889					\$512,889		\$512,889
11180 Housing Assistance Payments Equity		\$182,311					\$182,311		\$182,311
11190 Unit Months Available	3720	16128	144				19992		19992
11210 Number of Unit Months Leased	3686	15954	124				19764		19764
11270 Excess Cash	\$308,457						\$308,457		\$308,457
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$98,913					\$0	\$98,913		\$98,913
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$21,804	\$21,804		\$21,804
11650 Leasehold Improvements Purchases	\$2,240					\$0	\$2,240		\$2,240
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$134,209					\$0	\$134,209		\$134,209
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0

Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Indiana

In planning and performing my audit of the financial statements of the Housing Authority of the City of Bloomington as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Bloomington's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Bloomington's internal control.

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

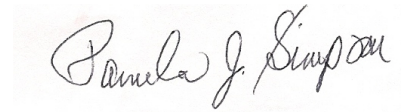
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the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

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

1. While reviewing account receivable balances, it came to my attention that many "old" balances had been restored to the detail receivable ledgers. However, the Housing Authority is reminded that only valid accounts receivables (those reasonably expected to be collected in the immediate future) should be recorded. Therefore, recorded balances should reflect those tenants/participants that a) are still in possession or on the program b) have signed a repayment agreement c) have been court ordered to repay or d) are currently making payments. If criteria is not being met, the accounts should be written off or set up with a contra allowance account.
2. When calculating accrued wages/payroll, the PHA should remember to account for the week lag for certain employees who fell into the new payroll procedures. Those employees may have more than one pay period included in the accrued liability account.

3. During the compliance test of 40 Voucher files, the following comments were observed a) calculation of anticipated child support was not always consistent, b) the designated hierarchy of calculating wages with check stubs vs other means of third party verifications was not always being followed and c) some files may have omitted allowable medical expenses when anticipating medical expenses. Additional quality review checks of files for those specific areas may be necessary in order to calculate HAP payments correctly.

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 black ink, reading "Pamela J. Simpson". The signature is written in a cursive, flowing style. The first name "Pamela" is written in a larger, more prominent script, followed by "J." and "Simpson". The signature is positioned above a faint, rectangular, light-colored stamp or watermark.

Certified Public Accountant

Decatur, Illinois
March 14, 2014