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June 24, 2014

Board of Directors
Housing Authority of the City of Anderson
528 W. 11th Street
Anderson, IN 46016

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2012 to March 31, 2013. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Anderson, as of March 31, 2013 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

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

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

TWELVE MONTHS ENDED MARCH 31, 2013

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

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Independent Auditor's Report

Board of Commissioners
Anderson Housing Authority
Anderson, Indiana

I have audited the accompanying financial statements of the Anderson Housing Authority, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Anderson Housing Authority's basic financial statements as listed in the table of contents. I did not audit the discretely presented financial statements of Anderson Housing, Inc. (a component unit). Those financial statements were reviewed by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for Anderson Housing, Inc., is based on the report of the other auditors.

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 Anderson Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Anderson Housing Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the net position of the Anderson Housing Authority, as of March 31, 2013 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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.

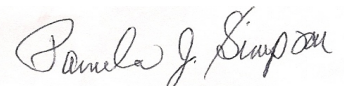
Report on Supplemental Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anderson Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 40 to 44 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 1, 2013 on my consideration of the Anderson Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.



Decatur, Illinois
November 1, 2013

Certified Public Accountant

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

As management of Anderson Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2013.

We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Anderson Housing Authority.

Overview of the Financial Statements

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

The Statement of Net Position

Reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

Net Investments in Capital Assets:

This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted:

This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted:

Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

Statement of Revenue, Expenses, and Change in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions. This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authorities net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

Condensed Comparative Financial Statements***Analysis of Entity Wide Net Position***

Total Net Position for FY 2013 were \$4,710,052 and for FY 2012 the amount was \$5,144,622. This represents an overall net decrease of \$434,570, or 8%.

Cash & Investments decreased by \$116,057. Cash decreased because of a decrease in funding for both the Public Housing and Section 8 Housing Choice Voucher Programs.

Receivables decreased by \$36,312. Outstanding Section 8 HCVP administrative fee funding receivable as of March 2012 was received during FYE 2013.

Capital Assets decreased by \$312,406. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased by \$38,661. Current liabilities decreased mainly because of the decrease of deferred revenue for CFP funds requisitioned as of March 2012 and expended in fiscal year ending March 31, 2013.

Non Current Liabilities increased by \$9,301 because of an increase in compensated absences liability.

The table below illustrates our analysis:

	2013	2012	Net Change	Percent Variances
Cash & Investments	927,856	1,043,913	(116,057)	-11%
Receivables (net)	4,225	40,537	(36,312)	-90%
Other Current Assets	43,298	42,453	845	2%
Capital Assets	4,003,323	4,315,729	(312,406)	-7%
Total Assets	4,978,702	5,442,632	(463,930)	-9%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	4,978,702	5,442,632	(463,930)	-9%
Current Liabilities	101,901	140,562	(38,661)	-28%
Noncurrent Liabilities	166,749	157,448	9,301	6%
Total Liabilities	268,650	298,010	(29,360)	-10%
Deferred Inflows of Resources	0	0	0	0%
Net Investment in Capital Assets	4,003,323	4,315,729	(312,406)	-7%
Restricted	310,611	274,740	35,871	13%
Unrestricted	396,118	554,153	(158,035)	-29%
Total Net Position	4,710,052	5,144,622	(434,570)	-8%
TOTAL	4,978,702	5,442,632	(463,930)	-9%

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

Analysis of Entity Wide Revenues

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

Program	Revenues Generated
Business Activities	\$10,002
Component Units	33,078
HOME Investments Partnerships Program	0
Capital Fund Program	216,121
Low Rent Public Housing (LIPH)	604,431
Housing Choice Vouchers (HCV)	7,251,729

Total Revenue **\$ 8,115,361**

Total revenues for Fiscal Year 2013 were \$8,115,361 as compared to \$8,252,492 of total revenues for Fiscal Year 2012. Comparatively, fiscal year 2013 revenues decreased by \$137,131 from fiscal year 2012. Operating grants decreased because of the decrease in Capital Funding and Public Housing Funding available from HUD. Management anticipates funding from HUD to continue to decrease for all HUD funded programs in future fiscal years. Other government grants decreased because the Authority completed construction of new units funded by the state of Indiana.

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>	<u>Percentage Change</u>
Total Tenant Revenue	101,469	78,631	22,838	29%
HUD Operating Grants	7,995,942	8,084,002	(88,060)	-1%
Other Government Grants	0	69,178	(69,178)	-100%
Investment Income	792	1,498	(706)	-47%
Fraud Recovery	100	200	(100)	-50%
Gain/loss on Sale of Capital Assets	0	2,717	(2,717)	-100%
Other Revenue	17,058	16,266	792	5%
Total Revenue	<u>8,115,361</u>	<u>8,252,492</u>	<u>(137,131)</u>	<u>-2%</u>

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

Analysis of Entity Wide Expenditures

Total Expenses for Fiscal Year 2013 were \$8,535,539 as compared to the \$8,662,352 of total expenses for Fiscal Year 2012. This represents a decrease of \$126,813, or 2%.

Administrative expenditures decreased by \$42,322. Administrative expenses decreased because the Authority is reducing expenses to match the reduction of funding from HUD.

Maintenance expenditures decreased by \$51,063. The decrease in maintenance was due to a decrease in contracts related to Capital Fund activities.

General expenditures decreased by \$1,172. The decrease was due to changes in collection losses.

The table below illustrates our analysis:

	2013	2012	net Change	Percentage Change
Administrative	859,511	901,833	(42,322)	-5%
Tenant Services	575	651	(76)	-12%
Utilities	114,675	103,241	11,434	11%
Maintenance	451,256	502,319	(51,063)	-10%
Protective Services	3,340	2,205	1,135	52%
General Expense	193,768	194,940	(1,172)	-1%
Casualty Losses	0	1,018	(1,018)	-100%
Housing Assistance Payments	6,600,008	6,618,675	(18,667)	0%
Depreciation Expense	312,406	337,470	(25,064)	-7%
Total Expenses	8,535,539	8,662,352	(126,813)	-2%

Anderson Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2013

Analysis of Capital Asset Activity

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	2013	2012	Net Change	Percentage Variance
Land	350,848	350,848	0	0%
Buildings	8,791,683	8,791,683	0	0%
Furniture, Equipment, & Machinery - Dwelling	398,730	398,730	0	0%
Furniture, Equipment, & Machinery - Administrative	982,767	982,767	0	0%
Total Fixed Assets	10,524,028	10,524,028	0	0%
Accumulated Depreciation	6,520,705	6,208,299	312,406	5%
Net Fixed Assets	4,003,323	4,315,729	(312,406)	-7%

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to Executive Director, Anderson Housing Authority.

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

**STATEMENT OF FUND NET POSITION
AS OF MARCH 31, 2013**

	Proprietary <u>Funds</u>	Component <u>Unit</u>
<u>ASSETS</u>		
Cash - operating	\$ 355,512	\$ 104,794
Cash - restricted	348,053	1,536
Receivables, net	3,489	736
Accrued interest receivable	15	0
Investments	117,961	0
Inventory, net	3,561	0
Prepaid Expenses	39,722	0
Capital assets:		
Land, land improvements and construction in progress	324,548	26,300
Other capital assets, net of depreciation	<u>3,115,718</u>	<u>536,757</u>
Total Capital Assets	<u>\$ 3,440,266</u>	<u>\$ 563,057</u>
Total Assets	<u>\$ 4,308,579</u>	<u>\$ 670,123</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 4,308,579</u></u>	<u><u>\$ 670,123</u></u>
<u>LIABILITIES</u>		
Accounts payable	\$ 57,948	\$ 1,500
Other liabilities	41,516	0
Unearned revenue	901	36
Noncurrent liabilities:		
Compensated absences	<u>166,749</u>	<u>0</u>
Total Liabilities	<u>\$ 267,114</u>	<u>\$ 1,536</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$ 3,440,266	\$ 563,057
Restricted	310,611	0
Unrestricted	<u>290,588</u>	<u>105,530</u>
Total Net Position	<u>\$ 4,041,465</u>	<u>\$ 668,587</u>
TOTAL	<u><u>\$ 4,308,579</u></u>	<u><u>\$ 670,123</u></u>

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

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

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

	Proprietary Funds	Component Unit
<u>Operating Income</u>		
Tenant rental revenue	\$ 60,394	\$ 32,931
Tenant revenue - other	<u>8,144</u>	<u>0</u>
Total Rental Income	\$ 68,538	\$ 32,931
HUD grants - operating	7,995,942	0
Fraud recovery	100	0
Other revenue	<u>16,967</u>	<u>91</u>
Total Operating Income	<u>\$ 8,081,547</u>	<u>\$ 33,022</u>
<u>Operating Expenses</u>		
Administration	\$ 847,747	\$ 11,764
Tenant services	575	0
Utilities	110,362	4,313
Ordinary maintenance and operation	445,901	5,355
Protective services	2,450	890
General expense	188,971	4,797
Housing assistance payments	6,600,008	0
Depreciation	<u>290,190</u>	<u>22,216</u>
Total Operating Expenses	<u>\$ 8,486,204</u>	<u>\$ 49,335</u>
Net Operating Income (Loss)	\$ -404,657	\$ -16,313
<u>Nonoperating Income (Expense)</u>		
Interest income	<u>736</u>	<u>56</u>
Changes in net position	\$ -403,921	\$ -16,257
Net position, beginning of year	4,459,778	684,844
Prior period adjustments	<u>-14,392</u>	<u>0</u>
Net position, end of year	<u>\$ 4,041,465</u>	<u>\$ 668,587</u>

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

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

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

<u>Operating Activities</u>	Proprietary <u>Funds</u>	Component <u>Unit</u>
Operating grants	\$ 7,991,527	\$ 0
Tenant revenue	68,403	31,950
Other revenue	17,067	91
Housing assistance payments	-6,600,008	0
Payments to employees	-639,291	0
Payments to suppliers and contractors	<u>-953,803</u>	<u>-32,818</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -116,105</u>	<u>\$ -777</u>
<u>Investing Activities</u>		
Investments (purchased) redeemed	\$ 148,722	\$ 0
Interest income	<u>769</u>	<u>56</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 149,491</u>	<u>\$ 56</u>
Net Change in Cash	\$ 33,386	\$ -721
Cash Balance at March 31, 2012	<u>670,179</u>	<u>107,051</u>
Cash Balance at March 31, 2013	<u><u>\$ 703,565</u></u>	<u><u>\$ 106,330</u></u>

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

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

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>Proprietary Funds</u>	<u>Component Unit</u>
Net operating income (loss)	\$ -404,657	\$ -16,313
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	290,190	22,216
Adjustments to net position	-14,392	0
 (Increase) decrease in accounts receivable	 36,447	 -135
(Increase) decrease in prepaid expenses	-740	0
(Increase) decrease in inventory	-138	0
 Increase (decrease) in accounts payable	 13,762	 -6,300
Increase (decrease) in other liabilities	17,664	0
Increase (decrease) in unearned revenues	<u>-54,241</u>	<u>-245</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ -116,105</u>	 <u>\$ -777</u>

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

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

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Anderson was established by the City of Anderson 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 Anderson 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 Anderson is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements, including the discretely presented component unit.

The Housing Authority has one component unit. Anderson Housing, Inc. (AHI) was formed in 1995 for the purpose of providing affordable housing to low income individuals. During 1997, AHI began operating a homeless shelter, primarily to aid families whose homes have been destroyed by fire. A second shelter was added in 2000.

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

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

Note 1 - Summary of Significant Accounting Policies

(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.

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Low Rent Public Housing
- * Capital Fund Program
- * Housing Choice Vouchers
- * HOME Investment Partnerships Program
- * Business Activities
- * Component Unit - (Homeless Shelters) - Anderson Housing, Inc. (discretely presented)

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.

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

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

Note 1 - Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents -

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

(f) 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 position and have been eliminated in the basic financial statements.

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2013, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(h) Inventories and Materials

Inventories and materials are stated at cost which approximates market determined on average cost.

(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 five thousand dollars (\$5,000) 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.

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

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

Note 1 - Summary of Significant Accounting Policies

(j) Fixed Assets - Continued

Land, buildings and equipment contains the following:

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

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

Buildings	10 - 40	years
Equipment	3 - 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.

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

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

Note 1 - Summary of Significant Accounting Policies

(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.

- (n) The Housing Authority adopts a budget annually. The budget is presented to the Board of Commissioners 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.

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

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

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk

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

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

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

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

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

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

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

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

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

Note 2 - Cash and Investments (Continued)

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 143,827	\$ 148,103
Voucher	481,042	485,142
Business Activities	<u>78,696</u>	<u>78,696</u>
Total	<u>\$ 703,565</u>	<u>\$ 711,941</u>
Component Unit	<u>\$ 106,330</u>	<u>\$ 106,330</u>

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

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

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 117,961</u>	<u>\$ 117,961</u>

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

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

Note 3 - Compensated Absences

Sick Time

Full-time employees shall accrue sick time days at a rate of one and one-quarter (1.25) days per month worked commencing with the month following of employment. Part-time employees shall accrued sick time on a pro-rated basis (based on percentage of normal week, which the employees work). Temporary employees shall not accrue sick time.

Earned sick leave time may be accumulated and carried from year to year. An employee may accumulate up to, but not exceed, one hundred and eighty (180) days.

Newly hired employees shall begin accumulating sick leave time commencing with the month following their first full month of employment.

An employee whose sick time exceeds the maximum accumulation may convert the excess sick time to vacation time at a rate of two sick days for one vacation day. To convert sick time, the employee must submit a written request to the Executive Director or designee. Sick time converted to vacation must be used within the next calendar year.

Upon termination of employment, the employee shall be paid for one-half ($\frac{1}{2}$) of their accumulated sick time not to exceed a maximum of (90) days. Sick leave shall be calculated on the employee's current rate of pay.

An employee "terminated for cause" will not be eligible to received payment of sick leave time accumulated.

Personal Days

Employees shall receive three (3) personal days per year. This is subject to change relative to the Anderson Housing Authority's Board of Commissioners yearly review.

Vacation Leave

1 year - 4 years	2 weeks
5 years - 9 years	3 weeks
10 years - 19 years	4 weeks
20 years and over	5 weeks

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

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

Note 4 - Defined Contribution Plan

All employees of the Anderson Housing Authority are covered by a deferred contribution retirement program Public Employees Retirement Fund (PERF) established and maintained by the State of Indiana except: employees not considered full time (positions requiring 1,000 or more hours of work per year.)

PERF pays benefits to cover employees or their survivor upon retirement, death and in certain cases of serious illness or injury. Contributions for the year ended March 31, 2013 were \$67,343 paid by the Housing Authority and \$19,157 paid by the employees. Total annual payroll expense was \$650,107.

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.

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:	Proprietary <u>Funds</u>	Component <u>Unit</u>
Accounts receivable - miscellaneous	\$ 2,575	\$ 0
Accounts receivable - tenants	3,348	736
Allowance for doubtful accounts - tenants	<u>-2,434</u>	<u>0</u>
Subtotal	\$ 3,489	\$ 736
Interfund	<u>23,547</u>	<u>0</u>
Total	<u>\$ 27,036</u>	<u>\$ 736</u>

Note 7 - Investments

At March 31, 2013 investments consist of the following:

	<u>Rate</u>		
Certificates of deposit	0.15-0.25%	\$ <u>117,961</u>	\$ <u>0</u>

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid Insurance	\$ <u>39,722</u>	\$ <u>0</u>
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**HOUSING AUTHORITY OF THE CITY OF ANDERSON
ANDERSON, INDIANA**

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

<u>Note 9 - Capital Assets</u>	<u>Proprietary Funds</u>	<u>Component Unit</u>
Balance at March 31, 2013	\$ 3,440,266	\$ 563,057
Balance at March 31, 2012	<u>3,730,456</u>	<u>585,273</u>
Net Increase (Decrease)	<u>\$ -290,190</u>	<u>\$ -22,216</u>

Reconciliation

Depreciation expense	<u>\$ -290,190</u>	<u>\$ -22,216</u>
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Analysis

<u>Proprietary Funds</u>	<u>04/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2013 Balance</u>
Land	\$ 324,548	\$ 0	\$ 0	\$ 324,548
Buildings	8,180,760	0	0	8,180,760
Equipment and furniture	1,379,497	0	0	1,379,497
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ 9,884,805	\$ 0	\$ 0	\$ 9,884,805
Accumulated depreciation	<u>-6,154,349</u>	<u>0</u>	<u>290,190</u>	<u>* -6,444,539</u>
Net Assets	<u>\$ 3,730,456</u>	<u>\$ 0</u>	<u>\$ 290,190</u>	<u>\$ 3,440,266</u>

<u>Component Unit</u>	<u>04/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2013 Balance</u>
Land	\$ 26,300	\$ 0	\$ 0	\$ 26,300
Buildings	610,923	0	0	610,923
Equipment and furniture	2,000	0	0	2,000
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ 639,223	\$ 0	\$ 0	\$ 639,223
Accumulated depreciation	<u>-53,950</u>	<u>0</u>	<u>22,216</u>	<u>* -76,166</u>
Net Assets	<u>\$ 585,273</u>	<u>\$ 0</u>	<u>\$ 22,216</u>	<u>\$ 563,057</u>

*Depreciation expense recognized in the current year.

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

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

Note 10 - Accounts Payable

This classification includes the following accounts:

	Proprietary <u>Funds</u>	Component <u>Unit</u>
Vendors and contractors	\$ 6,650	\$ 0
Accounts payable - HUD	14,757	0
Tenants security deposits	<u>36,541</u>	<u>1,500</u>
Subtotal	\$ 57,948	\$ 1,500
Interfund	<u>23,547</u>	<u>0</u>
Total	<u>\$ 81,495</u>	<u>\$ 1,500</u>

Note 11 - 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 12 - Other Liabilities

	Proprietary <u>Funds</u>
<u>Current Portion:</u>	
Wages/payroll taxes payable	\$ 14,198
Compensated absences	18,528
Utilities payable	<u>8,790</u>
Total Current Portion	\$ 41,516
<u>Noncurrent Portion:</u>	
Compensated absences	<u>166,749</u>
Total	<u>\$ 208,265</u>

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

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

Note 13 - Summary of Long Term Liabilities

A summary of long term liabilities as of March 31, 2013:

	04/01/2012			03/31/2013
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Compensated absence	\$ 157,448	\$ 9,301	\$ 0	\$ 166,749

Note 14 - Unearned Revenue

This classification consists of the following accounts:

	Proprietary <u>Funds</u>	Component <u>Unit</u>
Tenants prepaid rent	\$ 901	\$ 36

Note 15 - 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 an annual basis.

Note 16 - 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 17 - 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.

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

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

Note 18 - Prior Period Adjustments

Prior period adjustments posted directly to net position are detailed below:

Recapture of ARRA Capital Funds payable to HUD	\$ -14,757
Adjustment to tenants accounts receivable	-20
Receivable due from City for Home Program	<u>385</u>
	<u>\$ -14,392</u>

Note 19 - Contracts/Commitments

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

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-13	<u>\$ 156,401</u>	<u>\$ 0</u>

Note 20 - Risk Management

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

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

Note 21 - Economic Dependency

The Housing Authority received most of its revenue (99%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 22 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	<u>\$ 310,611</u>
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SUPPLEMENTAL DATA

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

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE TWELVE MONTHS ENDED MARCH 31, 2013**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
<u>Direct Programs:</u>						
Public and Indian Housing	14.850a	C-2057	FYE 03/31/13	\$ <u>529,325</u>	\$ <u>529,325</u>	\$ <u>529,325</u>
Public Housing - Capital Funds	14.872	C-2057	FYE 03/31/13	\$ <u>338,624</u>	\$ <u>216,121</u>	\$ <u>216,121</u>
Housing Choice Voucher Program*	14.871	C-2013	FYE 03/31/13	\$ <u>7,250,496</u>	\$ <u>7,250,496</u>	\$ <u>7,215,303</u>
Total Assistance				\$ <u>8,118,445</u>	\$ <u>7,995,942</u>	\$ <u>7,960,749</u>

*Denotes major program.

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

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P006501-10**

1. The Actual Modernization Costs of Phase IN36P006501-10 are as follows:

Funds approved	\$ 212,985
Funds expended	<u>212,985</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Grants	\$ 212,985
Funds expended	<u>212,985</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated August 23, 2011, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

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

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P006501-11**

1. The Actual Modernization Costs of Phase IN36P006501-11 are as follows:

Funds approved	\$ 175,847
Funds expended	<u>175,847</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Grants	\$ 175,847
Funds expended	<u>175,847</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated August 24, 2011, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.



**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 Anderson
Anderson, Indiana

I have audited the financial statements of the Housing Authority of the City of Anderson, which comprise the statement of net position as of March 31, 2013, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Anderson's basic financial statements and have issued my report thereon dated November 1, 2013. The financial statements of Anderson Housing, Inc. (a component unit) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Anderson Housing, Inc.

Internal Control Over Financial Reporting

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

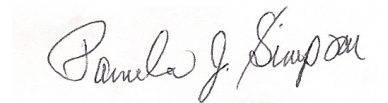
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Anderson'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 Anderson in a separate letter dated November 1, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Anderson'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 Anderson's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Pamela J. Simpson". The signature is written in a cursive style with a large, stylized "P" and "S".

Decatur, Illinois
November 1, 2013

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 Anderson
Anderson, Indiana

Report on Compliance for Each Major Program

I have audited the Housing Authority of the City of Anderson'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 Anderson's major federal programs for the year ended March 31, 2013. I did not audit the financial statements as described in the OMB Circular A-133 Compliance Supplement of Anderson Housing, Inc. (a component unit) because these financial statements were reviewed by other auditors whose report is already complete. The Housing Authority of the City of Anderson'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 Anderson'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 Anderson'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 Anderson's compliance.

Opinion on Each Major Program

In my opinion, the Housing Authority of the City of Anderson 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 March 31, 2013.

Other Matters

The results of my auditing procedures also 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 Anderson in a separate letter dated November 1, 2013.

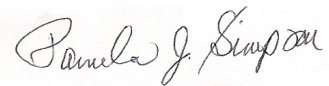
Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Anderson 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 Anderson'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 Anderson'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.



Certified Public Accountant

Decatur, Illinois
November 1, 2013

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

STATUS OF PRIOR AUDIT FINDINGS

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

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

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes 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 Circular A-133? _____ yes X _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

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? X _____ yes _____ no

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

FINDINGS, RECOMMENDATIONS AND REPLIES

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Cindy Mummert, Executive Director and the administrative staff, during the course of the audit or at an exit conference held November 1, 2013.

Section III - Federal Award Findings

There were no federal award audit findings or questioned costs discussed with Cindy Mummert, Executive Director and the administrative staff, during the course of the audit or at an exit conference held November 1, 2013.

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

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

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accumulated depreciation	1400.05	\$ 129,607.15		1400.05
Due to/from Section 8	1157	23,547.25		1157
Unrestricted	2806	1,798.09		2806
Prepaid rents	2240		\$ 1,798.09	2240
Furniture, equipment - admin	1400.09		138,877.00	1400.09
Net investment in capital assets	2802		14,277.40	2802
(To post prior year audit adjustments)				
(2)				
Prepaid rents	2240	\$ 1,798.09		2240
Dwelling rents	3110		\$ 1,798.09	2806
(To adjust prepaid rents back to actual per PHA schedule)				
(3)				
Accumulated depreciation	1400.05	\$ 3,865.42		1400.05
Depreciation expense	4800		\$ 3,865.42	2802
(To remove expenses from two vehicles that were transferred to Voucher in FY 2012)				
(4)				
Unrestricted	2806	\$ 14,757.27		2806
A/P - HUD	2118		\$ 14,757.27	2118
(To record recapture of ARRA Capital Funds as agreed upon by the U.S. Department of Housing and Urban Development)				
(5)				
Compensated absences	4120	\$ 31,619.26		2806
Admin salaries	4110		\$ 19,653.68	2806
Labor/salaries	4410		11,965.58	2806
(To record earned vacation and sick time for FY 2013)				
<u>Voucher</u>				
(1)				
HAP reserve	2806.01	\$ 94,598.22		2806.01
Unrestricted	2806		\$ 94,598.22	2806
(To reverse FY 2012 adjusting journal entry #1815)				
(2)				
HAP reserve - NRA	2806.01	\$ 819.00		2806.01
Interfund Section 8	1157		\$ 819.00	1157
(To correct TBRA program interfund)				

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

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

<u>Voucher</u> (Continued)	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(3)				
Unrestricted	2806	\$ 23,547.25		2806
Furniture, equipment - admin	1400.09	47,591.36		1400.09
Net investment in capital assets	2802		\$ 9,269.85	2802
Accumulated depreciation	1400.5		38,321.51	1400.5
Due to/from Section 8	1157		23,547.25	1157
(To record transfer of vehicle to Section 8)				
(4)				
A/R - other	1129	\$ 146.98		1129
Unrestricted	2806		\$ 146.98	2806
(To record travel reimbursement due)				
(5)				
Unrestricted	2806	\$ 72,198.96		2806
Restricted	2806.01		\$ 72,198.96	2806.01
(To correct PHA's closing entry for FY 2013)				
(6)				
Due to TBRA	1157.01	\$ 385.00		1157.01
Restricted	2806.01		\$ 385.00	2806.01
(To correct payable - amount received from City as properly billed)				
(7)				
Travel	4150	\$ 146.98		2806
A/R - other	1129		\$ 146.98	1129
(To record employee travel advance reimbursement to PHA collected subsequent to year end)				
(8)				
Depreciation expense	4805	\$ 3,865.42		2802
Accumulated depreciation	1400.5		\$ 3,865.42	1400.5
(To record depreciation on Section 8 manager's vehicle and inspection vehicle)				
(9)				
Employer benefit	4540	\$ 959.04		2806
Federal taxes	2117		\$ 959.04	2117
(To record liability for FWT made 04/26/13 for payroll 01/01/13)				
(10)				
Compensated absences	4120	\$ 40,479.57		2806
Admin salaries	4110		\$ 40,479.57	2806
(To record earned vacation and sick time for FY 2013)				

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

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

<u>HOME</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Due to/from Section 8	1157	\$ 819.00		1157
A/R - other	1129		\$ 819.00	1129
(To post prior year adjust adjustment)				
(2)				
A/R - other	1129	\$ 385.00		1129
Due to/from Section 8	1157		\$ 385.00	1157
(To adjust amount due to/from City for March 2011 rent for one tenant not accounted for)				

Housing Authority of the City of Anderson (IN006)

ANDERSON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14,871 Housing Choice Vouchers	14,239 HOME Investment Partnerships Program	6 Component Units	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$106,385	\$170,431		\$104,794	\$78,696	\$460,306		\$460,306
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		\$310,611				\$310,611		\$310,611
114 Cash - Tenant Security Deposits	\$36,541			\$1,500		\$38,041		\$38,041
115 Cash - Restricted for Payment of Current Liabilities	\$901			\$36		\$937		\$937
100 Total Cash	\$143,827	\$481,042	\$0	\$106,330	\$78,696	\$809,895	\$0	\$809,895
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous					\$2,575	\$2,575		\$2,575
126 Accounts Receivable - Tenants	\$3,348			\$736		\$4,084		\$4,084
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,434			\$0		-\$2,434		-\$2,434
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable	\$15					\$15		\$15
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$929	\$0	\$0	\$736	\$2,575	\$4,240	\$0	\$4,240
131 Investments - Unrestricted	\$117,961					\$117,961		\$117,961
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$33,670	\$6,052				\$39,722		\$39,722
143 Inventories	\$3,957					\$3,957		\$3,957
143.1 Allowance for Obsolete Inventories	-\$396					-\$396		-\$396
144 Inter Program Due From	\$23,547					\$23,547	-\$23,547	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$323,495	\$487,094	\$0	\$107,066	\$81,271	\$998,926	-\$23,547	\$975,379
161 Land	\$324,548			\$26,300		\$350,848		\$350,848
162 Buildings	\$8,174,412			\$610,923	\$6,348	\$8,791,683		\$8,791,683
163 Furniture, Equipment & Machinery - Dwellings	\$398,730					\$398,730		\$398,730
164 Furniture, Equipment & Machinery - Administration	\$918,555	\$62,212		\$2,000		\$982,767		\$982,767
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$6,385,845	-\$56,807		-\$76,166	-\$1,887	-\$6,520,705		-\$6,520,705
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,430,400	\$5,405	\$0	\$563,057	\$4,461	\$4,003,323	\$0	\$4,003,323
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$3,430,400	\$5,405	\$0	\$563,057	\$4,461	\$4,003,323	\$0	\$4,003,323
190 Total Assets	\$3,753,895	\$492,499	\$0	\$670,123	\$85,732	\$5,002,249	-\$23,547	\$4,978,702

Housing Authority of the City of Anderson (IN006)

ANDERSON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14,871 Housing Choice Vouchers	14,239 HOME Investment Partnerships Program	6 Component Units	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$5,443	\$1,207				\$6,650		\$6,650
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$5,792	\$8,406				\$14,198		\$14,198
322 Accrued Compensated Absences - Current Portion	\$3,269	\$10,259				\$18,528		\$18,528
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs	\$14,757					\$14,757		\$14,757
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government								
341 Tenant Security Deposits	\$36,541			\$1,500		\$38,041		\$38,041
342 Deferred Revenues	\$901			\$36		\$937		\$937
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other	\$8,790					\$8,790		\$8,790
347 Inter Program - Due To		\$23,547				\$23,547	-\$23,547	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$80,493	\$43,419	\$0	\$1,536	\$0	\$125,448	-\$23,547	\$101,901
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$74,417	\$92,332				\$166,749		\$166,749
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$74,417	\$92,332	\$0	\$0	\$0	\$166,749	\$0	\$166,749
300 Total Liabilities	\$154,910	\$135,751	\$0	\$1,536	\$0	\$292,197	-\$23,547	\$268,650
508.1 Invested In Capital Assets, Net of Related Debt	\$3,430,400	\$5,405		\$563,057	\$4,461	\$4,003,323		\$4,003,323
511.1 Restricted Net Assets		\$310,611				\$310,611		\$310,611
512.1 Unrestricted Net Assets	\$168,585	\$40,732	\$0	\$105,530	\$81,271	\$396,118		\$396,118
513 Total Equity/Net Assets	\$3,598,985	\$356,748	\$0	\$668,587	\$85,732	\$4,710,052	\$0	\$4,710,052
600 Total Liabilities and Equity/Net Assets	\$3,753,895	\$492,499	\$0	\$670,123	\$85,732	\$5,002,249	-\$23,547	\$4,978,702

Housing Authority of the City of Anderson (IN006)

ANDERSON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.871 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	6 Component Units	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$60,394			\$32,931		\$93,325		\$93,325
70400 Tenant Revenue - Other	\$8,144					\$8,144		\$8,144
70500 Total Tenant Revenue	\$68,538	\$0	\$0	\$32,931	\$0	\$101,469	\$0	\$101,469
70600 HUD PHA Operating Grants	\$745,446	\$7,250,496				\$7,995,942		\$7,995,942
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$663			\$56	\$73	\$792		\$792
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$100				\$100		\$100
71500 Other Revenue	\$5,905	\$1,133		\$91	\$9,929	\$17,058		\$17,058
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	\$820,552	\$7,251,729	\$0	\$33,078	\$10,002	\$8,115,361	\$0	\$8,115,361
91100 Administrative Salaries	\$138,387	\$305,367				\$443,754		\$443,754
91200 Auditing Fees	\$2,902	\$3,387		\$5,775		\$12,064		\$12,064
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$46					\$46		\$46
91500 Employee Benefit contributions - Administrative	\$71,316	\$151,740				\$223,056		\$223,056
91600 Office Expenses	\$40,591	\$43,149		\$1,249		\$84,989		\$84,989
91700 Legal Expense	\$634	\$7,333		\$293		\$8,260		\$8,260
91800 Travel	\$7,018	\$5,669				\$12,687		\$12,687
91810 Allocated Overhead								
91900 Other	\$38,617	\$31,591		\$4,447		\$74,655		\$74,655
91000 Total Operating - Administrative	\$299,511	\$548,236	\$0	\$11,764	\$0	\$859,511	\$0	\$859,511
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other	\$575					\$575		\$575
92500 Total Tenant Services	\$575	\$0	\$0	\$0	\$0	\$575	\$0	\$575

Housing Authority of the City of Anderson (IN006)

ANDERSON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14.671 Housing Choice Vouchers	14.239 HOME Investment Partnerships Program	6 Component Units	1 Business Activities	Subtotal	ELIM	Total
93100 Water	\$76,574			\$4,313		\$80,887		\$80,887
93200 Electricity	\$28,077					\$28,077		\$28,077
93300 Gas	\$5,711					\$5,711		\$5,711
93400 Fuel								
93500 Labor								
93600 Sewer								
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$110,362	\$0	\$0	\$4,313	\$0	\$114,675	\$0	\$114,675
94100 Ordinary Maintenance and Operations - Labor	\$123,920					\$123,920		\$123,920
94200 Ordinary Maintenance and Operations - Materials and Other	\$35,263	\$158		\$3,817		\$39,238		\$39,238
94300 Ordinary Maintenance and Operations Contracts	\$223,959	\$1,283		\$1,538		\$226,780		\$226,780
94500 Employee Benefit Contributions - Ordinary Maintenance	\$61,318					\$61,318		\$61,318
94000 Total Maintenance	\$444,460	\$1,441	\$0	\$5,355	\$0	\$451,256	\$0	\$451,256
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$2,450					\$2,450		\$2,450
95300 Protective Services - Other				\$890		\$890		\$890
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$2,450	\$0	\$0	\$890	\$0	\$3,340	\$0	\$3,340
96110 Property Insurance	\$52,172	\$1,074		\$4,797		\$58,043		\$58,043
96120 Liability Insurance	\$10,794	\$362				\$11,156		\$11,156
96130 Workmen's Compensation	\$5,814	\$7,719				\$13,533		\$13,533
96140 All Other Insurance	\$7,866	\$5,566				\$13,432		\$13,432
96100 Total Insurance Premiums	\$76,646	\$14,721	\$0	\$4,797	\$0	\$96,164	\$0	\$96,164
96200 Other General Expenses	\$4,795	\$1,631				\$6,426		\$6,426
96210 Compensated Absences	\$37,032	\$45,401				\$82,433		\$82,433
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	\$8,745					\$8,745		\$8,745
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$50,572	\$47,032	\$0	\$0	\$0	\$97,604	\$0	\$97,604
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$984,576	\$611,430	\$0	\$27,119	\$0	\$1,623,125	\$0	\$1,623,125
97000 Excess of Operating Revenue over Operating Expenses	-\$164,024	\$6,640,299	\$0	\$5,959	\$10,002	\$6,492,236	\$0	\$6,492,236

Housing Authority of the City of Anderson, (IN006)

ANDERSON, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	Project Total	14,871 Housing Choice Vouchers	14,239 HOME Investment Partnerships Program	6 Component Units	1 Business Activities	Subtotal	ELIM	Total
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$6,600,008				\$6,600,008		\$6,600,008
97350 HAP Portability-In								
97400 Depreciation Expense	\$285,902	\$3,865		\$22,216	\$423	\$312,406		\$312,406
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$1,270,478	\$7,215,303	\$0	\$49,335	\$423	\$8,535,539	\$0	\$8,535,539
10010 Operating Transfer In	\$216,121					\$216,121	-\$216,121	\$0
10020 Operating transfer Out	-\$216,121					-\$216,121	\$216,121	\$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$449,926	\$36,426	\$0	-\$16,257	\$9,579	-\$420,178	\$0	-\$420,178
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,063,688	\$319,937	\$0	\$684,844	\$76,153	\$5,144,622		\$5,144,622
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$14,777	\$385		\$0		-\$14,392		-\$14,392
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		\$46,137				\$46,137		\$46,137
11180 Housing Assistance Payments Equity		\$310,611				\$310,611		\$310,611
11190 Unit Months Available	1632	14354		60	0	16046		16046
11210 Number of Unit Months Leased	1539	13537		57	0	15133		15133
11270 Excess Cash	\$123,723					\$123,723		\$123,723
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$0					\$0		\$0
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



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

In planning and performing my audit of the financial statements of Housing Authority of the City of Anderson as of and for the year ended March 31, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Anderson's internal control. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Anderson's internal control.

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

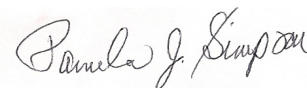
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the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

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

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

3. During my review, it was noted that PHA did not report compensated absence expense on the Financial Data Schedule (FDS) per FDS Crosswalk guide. The compensated absence expense must be reported separate from wages and salaries.
4. During my review of fixed assets, I determined that some assets were recorded in the wrong program (because of a previous transfer of ownership). Depreciation schedules should be reviewed to determine that all assets listed are still being used by the agency. Obsolete or assets that have been disposed should be removed from the listing and the general ledger control accounts. The cost of assets and improvements paid for with CFP funds should be proper programs and categories.
5. The Housing Authority has no fraud recovery receivables recorded on their general ledger. Although the agency has discovered instances where HAP is due back to the agency, the policy does not include the recording of the receivable. Revenue from the recovery is recorded only if received. The Housing Authority should review this policy, record receivables and pursue collections of the fraud receivables as applicable.
6. CFP Grant 2012 was totally expended in FY' 13, but no cost certificate has been filed. The PHA is reminded to file the certificate to properly close the grant.
7. While reviewing beginning balances, it was noted that the prior year agreed upon adjusting journal entries had not been posted. The Housing Authority is reminded to provide copies of the journal entries to the fee accountant for proper posting. Not posting the agreed upon entries, resulted in numerous variances on the unaudited FDS vs. general ledger.
8. As I reviewed the supporting documentation for the quality control sample of SEMAP, I noted that it was difficult to determine the testing of wait list selection and follow up of failed inspections indicators. To adequately support the SEMAP certification, I suggest that the documentation in these areas be expanded.

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



Certified Public Accountant

Decatur, Illinois
November 1, 2013