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July 9, 2014

Board of Directors
Marion Housing Authority
601 S. Adams Street
Marion, IN 46953

We have reviewed the audit report prepared by Yeager & Boyd, LLC, Independent Public Accountants, for the period July 1, 2012 to June 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 Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Marion Housing Authority, as of June 30, 2013 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding on pages 39 and 40.

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

STATE BOARD OF ACCOUNTS

**THE HOUSING AUTHORITY OF MARION
MARION, INDIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2013**

THE HOUSING AUTHORITY OF MARION

MARION, INDIANA

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Board of Commissioners
The Housing Authority of Marion
Marion, Indiana

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of The Housing Authority of Marion as of and for the year ended June 30, 2013, and the related notes to the 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 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 15 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for the Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying Summary Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. 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 basic financial statements.

The Financial Data Schedule, supplementary data and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting data and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Birmingham, Alabama
December 12, 2013

Yeager & Boyd

Yeager & Boyd

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

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

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Housing Authority of Marion
Marion, Indiana

We 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 Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Birmingham, Alabama
December 12, 2013

Yeager & Boyd

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Housing Authority of Marion
Marion, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Authority'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 the Authority's major federal program for the year ended June 30, 2013. The Authority's major federal program is identified in the Summary of Auditors' 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

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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*. Those standards and OMB Circular A-133 require that we 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 direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Program

In our opinion, the Authority 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 June 30, 2013.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with *OMB Circular A-133*.

Report on Internal Control Over Compliance

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

Our 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*. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Birmingham, Alabama
December 12, 2013

Yenger & Bond

**THE HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2013**

The Housing Authority of the City of Marion's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased \$147,733 in 2013. Net Position was \$8,689,250 and \$8,541,517 for 2012 and 2013 respectively.
- Revenues increased \$428,500 during 2013, and were \$4,711,706 and \$5,140,206 for 2012 and 2013 respectively.
- Total expenses increased \$85,760 during 2013, and were \$5,202,179 and \$5,287,939 for 2012 and 2013 respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

~ Management's Discussion
and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~
~ Notes to Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~
(Other than the MD&A)

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. 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".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

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

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

The Authority's Programs

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – a grant program funded by the Department of Housing and Urban Development as the primary sources of funding for physical and management improvements to the Authority's properties.

Central Office Cost Center (COCC) – As part of its conversion to Asset Management, the Authority established the COCC to manage and oversee the operations of the Public Housing Developments and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

Housing Choice Vouchers Program – Under the Housing Choice Vouchers Program, the Board administers contracts with independent landlords that own the property. The Board subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Board to structure a lease that sets the participants' rent at 30% of household income.

Section 8 New Construction - The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

Other smaller programs are:

- State and Local
- Business Activities
- Resident Opportunity Supportive Services
- Blended Component Unit

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Assets:			
Current & Restricted Assets	\$ 1,700,009	\$ 1,622,039	\$ 77,970
Capital Assets	<u>9,984,008</u>	<u>10,322,004</u>	<u>(337,996)</u>
Total Assets	<u>\$ 11,684,017</u>	<u>\$ 11,944,043</u>	<u>\$ (260,026)</u>
Liabilities:			
Current Liabilities	\$ 538,610	\$ 529,499	\$ 9,111
Non Current Liabilities	<u>2,603,890</u>	<u>2,725,294</u>	<u>(121,404)</u>
Total Liabilities	<u>\$ 3,142,500</u>	<u>\$ 3,254,793</u>	<u>\$ (112,293)</u>
Net Position:			
Net Investment in Capital Assets	\$ 7,348,943	\$ 7,560,422	\$ (211,479)
Restricted Net Position	180,680	188,098	(7,418)
Unrestricted Net Position	<u>1,011,894</u>	<u>940,730</u>	<u>71,164</u>
Total Net Position	<u>\$ 8,541,517</u>	<u>\$ 8,689,250</u>	<u>\$ (147,733)</u>

Major Factors Affecting the Statement of Net Position

During 2013, current and restricted assets increased by \$77,970. The increase was primarily due to an increase in cash and accounts receivable. Capital assets decreased primarily due to depreciation expense exceeding capital asset additions. Liabilities decreased due to payments made on long-term debt.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position, June 30, 2012	\$ 940,730
Results of Operations	(421,352)
Capital Expenditures from Operations	(49,471)
Investment Income	5,023
Transfer from Restricted Net Assets	7,418
Principal and Interest Payments on Capital Debt	(268,856)
Depreciation Expense	<u>798,402</u>
Unrestricted Net Position, June 30, 2013	<u>\$ 1,011,894</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

TABLE 3

STATEMENT OF REVENUES AND EXPENSES

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Revenues:			
Tenant Rental Revenue	\$ 1,592,371	\$ 1,542,657	\$ 49,714
Operating Grants	2,983,208	2,787,053	196,155
Capital Grants	410,935	251,286	159,649
Investment Income	5,023	16,784	(11,761)
Gain on Sale of Capital Assets	-	525	(525)
Other Revenue	148,669	113,401	35,268
Total Revenues	\$ 5,140,206	\$ 4,711,706	\$ 428,500
Expenses:			
Administrative Expenses	\$ 1,087,889	\$ 930,957	\$ 156,932
Tenant Services	10,008	5,597	4,411
Utilities	357,252	349,150	8,102
Maintenance & Operations	686,823	568,623	118,200
Protective Services	1,976	1,872	104
General Expense	335,717	562,730	(227,013)
Housing Assistance Payments	1,867,533	1,908,497	(40,964)
Interest Expense	142,339	147,727	(5,388)
Depreciation	798,402	727,026	71,376
Total Expenses	\$ 5,287,939	\$ 5,202,179	\$ 85,760
Excess (Deficiency) Revenues Over Expenses	\$ (147,733)	\$ (490,473)	\$ 342,740

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES

Excess revenues over expenses increased due to an increase in revenues exceeding an increase in expenses. Revenues increased mainly due to an increase in operating and capital grants received. Operating grants increased due to operating grants received returning to normal in 2013 after a year of sequestration in 2012. Capital grants received increased due to the timing and nature of the draws.

Expenses increased primarily due to an increase in administrative and maintenance expenses offset by a decrease in general expenses. Administrative expense increased significantly due to an increase in salaries and benefits. Maintenance expenses increased due to an increase in salaries and benefits as well as an increase in contract costs. General expense decreased due to a decrease in insurance premiums and bad debt expense.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$9,984,008 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of 3% from last year.

**TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 436,907	\$ 429,882	\$ 7,025	2%
Buildings and Improvements	22,132,458	21,328,195	804,263	4%
Furniture & Equipment	811,434	697,258	114,176	16%
Construction in Process	468,863	936,800	(467,937)	-50%
Accumulated Depreciation	<u>(13,865,654)</u>	<u>(13,070,131)</u>	<u>(795,523)</u>	<u>6%</u>
Net Capital Assets	<u>\$ 9,984,008</u>	<u>\$10,322,004</u>	<u>\$ (337,996)</u>	<u>-3%</u>

**TABLE 5
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2012	\$ 10,322,004
Additions	
Improvements - Capital Fund	410,935
Improvements - Operating	49,471
Depreciation Expense	<u>(798,402)</u>
Ending Balance, June 30, 2013	<u>\$ 9,984,008</u>

DEBT ADMINISTRATION

As of year-end, the Authority had \$2,635,065 in long term debt outstanding, compared to a \$2,761,582 balance in 2012. The decrease in debt is due to the payment on debt.

TABLE 6

OUTSTANDING LONG TERM DEBT, AT YEAR-END

	<u>2013</u>	<u>2012</u>
Capital Improvements	<u>2,635,065</u>	<u>2,761,582</u>
Total	<u>\$ 2,635,065</u>	<u>\$ 2,761,582</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of Marion, Indiana, federal and state regulatory bodies with a general overview of the Marion Housing Authority's finances as of June 30, 2013. The individual to be contacted regarding this report is Leah Poland, Chief Financial Officer, at the Housing Authority of the City of Marion, 601 S. Adams Street, Marion, Indiana 46953.

THE HOUSING AUTHORITY OF MARION, INDIANA
 STATEMENT OF NET POSITION
 JUNE 30, 2013

ASSETS AND DEFERRED
INFLOWS OF RESOURCES

	<u>Enterprise</u> <u>Fund</u>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 580,324
Accounts Receivable	91,737
Tenants Accounts Receivable	13,205
Allowance for Doubtful Accounts	(628)
Notes Receivable	2,060
Investments	700,681
Prepaid Costs	73,171
Inventory, Net of Allowances	15,281
Total Current Assets	<u>1,475,831</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	189,545
Investments	34,633
Total Restricted Assets	<u>224,178</u>
<u>Capital Assets</u>	
Land	436,907
Buildings and Improvements	22,132,458
Furniture & Equipment	811,434
Construction in Progress	468,863
	<u>23,849,662</u>
(Less): Accumulated Depreciation	<u>(13,865,654)</u>
Net Capital Assets	<u>9,984,008</u>
Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,684,017</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION, INDIANA
 STATEMENT OF NET POSITION
 JUNE 30, 2013

**LIABILITIES, DEFERRED OUTFLOWS
 OF RESOURCES AND NET POSITION**

	Enterprise Fund
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 53,262
Accrued Wages and Payroll Taxes	35,324
Accrued Compensated Absences	11,806
Accrued Pilot	112,082
Accrued Interest Payable	7,861
Tenant Security Deposits	122,953
Current Portion of Notes Payable	175,933
Other Current Liabilities	19,389
Total Current Liabilities	<u>538,610</u>
 <u>Long Term Liabilities</u>	
Notes Payable	2,459,132
Accrued Compensated Absences	106,260
Noncurrent Liabilities	38,498
Total Long Term Liabilities	<u>2,603,890</u>
Total Liabilities	<u>3,142,500</u>
 Deferred Inflows of Resources	
	<u>-</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	7,348,943
Restricted Net Position	180,680
Unrestricted Net Position	1,011,894
Total Net Position	<u>8,541,517</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 11,684,017</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 1,592,371
Operating Grants	2,983,208
Other Revenue	148,669
Total Operating Revenues	<u>4,724,248</u>
<u>Operating Expenses</u>	
Administrative	1,087,889
Tenant Services	10,008
Utilities	357,252
Maintenance and Operations	686,823
Protective Services	1,976
General Expense	335,717
Housing Assistance Payments	1,867,533
Depreciation	798,402
Total Operating Expenses	<u>5,145,600</u>
Operating Income (Loss)	<u>(421,352)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	5,023
Interest Expense	(142,339)
Total Non-Operating Revenues (Expenses)	<u>(137,316)</u>
Increase (Decrease) in Net Assets before Capital Contributions	<u>(558,668)</u>
Capital Contributions	<u>410,935</u>
Increase (Decrease) in Net Position	(147,733)
Net Position, Beginning	8,689,250
Net Position, Ending	<u>\$ 8,541,517</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF MARION, INDIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 1,632,643
Cash Received from Operating Grants	2,962,475
Cash Received from Other Sources	146,723
Cash Payments for Salaries & Benefits	(1,161,204)
Cash Payments to Vendors & Landlords	(3,203,315)
Net Cash flows provided (used) by Operating activities	<u>377,322</u>
<u>Cash flows from non-capital financing activities</u>	
Net Cash flows provided (used) by non-capital financing activities	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants Received	378,849
Capital Outlay	(460,406)
Principal and Interest Payments on Capital Debt	(269,163)
Net cash flows provided (used) by capital and related financing activities	<u>(350,720)</u>
<u>Cash flows from investing activities:</u>	
Cash Transfer from (to) Investments	(4,649)
Cash received from earnings on investments	5,023
Cash received on payments of Notes Receivables	4,119
Net cash flows provided (used) by investing activities	<u>4,493</u>
Net Increase (decrease) in cash and cash equivalents	31,095
<u>Cash and cash equivalents, beginning of year:</u>	<u>738,774</u>
<u>Cash and cash equivalents, end of year:</u>	<u>\$ 769,869</u>
<u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u>	
Operating Income (Loss)	\$ (421,352)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	798,402
Bad Debt Expense	1,155
Change in Accounts Receivable	(3,012)
Change in Prepaid Costs	(9,253)
Change in Inventory	(3,149)
Change in Accounts Payable	145
Change in Accrued Expenses	40,091
Change in Tenant Security Deposits	6,520
Change in FSS Escrow	11,177
Change in Deferred Revenues	2,908
Change in Other Liabilities	(46,310)
Net cash provided by (used in) operating activities	<u>\$ 377,322</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements.

Cash

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Accounts receivables are carried at the amount considered by management to be collectible. Tenant accounts receivable are immaterial for further disclosures. Other accounts receivable consists of amounts due from HUD for Grant Income.

Prepaid Items

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

Inventory

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

These financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements, except for inter-fund interest income and expense related to the component units.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income and expenses. Estimated useful lives are as follows:

Buildings & Improvements	15 - 40 years
Furniture fixtures and equipment	5 - 10 years

Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

Recent Accounting Pronouncements

The Authority's management has Adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement establishes accounting and financial reporting standards for the financial statements of state and local governments. The Authority incorporates FASB, APB and ARB pronouncements not conflicting with GASB pronouncements, and issued on or before November 30, 1989, into the GASB authoritative literature. The adoption of GASB 62 had no material effect on the Authority's basic financial statements.

The Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The adoption of GASB 63 had no material effect on the Authority's basic financial statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity and Statement No. 39 "Determining Whether Certain Organizations are Component Units*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has one blended component unit, which is the business activity.

NOTE C - CASH AND INVESTMENT DEPOSITS

Custodial Credit Risk – The Housing Authority policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other Federally insured investments.

The Housing Authority's cash and cash equivalents consist of cash held in checking accounts totaling \$769,669. Investments consist of certificates of deposit totaling \$735,314. The certificates of deposit bear interest that range from 0.10% to 0.60% and have various maturity periods, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The remaining \$200 is held in the form of petty cash or change fund. Deposits with financial institutions are secured as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 985,314	\$ 985,314
Collateralized with specific securities in the Authority name which are held by the financial institution	519,669	576,345
Uncollateralized	-	-
	<u>\$ 1,504,983</u>	<u>\$ 1,561,659</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS – CONTINUED

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of the end of the fiscal year as follows:

Type Commitment

None of any significance

NOTE E – SIGNIFICANT ESTIMATES

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, inventory valuations, and account receivable valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE F - PENSION PLAN

The Authority provides pension benefits for its employees through the American United Life – One America Retirement Plan. The plan was adopted by the Board of Commissioners in 1979. Only the Board has the authority to approve any amendments to the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible for the plan after six months of service. The Authority contributes 7% of each employee's base salary to the plan. During the past year, the Authority's contributions were \$52,562. Employees are required to contribute 5% of their base salary to the plan. During the past year, the employees' contributions to the plan were \$40,519.

NOTE G – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE H – COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate a limited amount of earned but unused annual leave. Full time permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Employees can receive payments for accumulated compensated absences. Leave accrued but not yet paid as of the end of the year is shown as a liability allocated between current and non-current.

NOTE I – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE J – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed. Balance due for operating advances and other notes are reflected in the Statement of Assets, Liabilities and Net Position by Program, but are eliminated in the Authority's Statement of Net Position. Inter-program balances at June 30, 2013 consisted of the following:

Central Office Cost Center	\$	860,091
State / Local		31,937
Section 8 Housing Choice Vouchers		(158,783)
Resident Opportunity and Supportive Service		(22,113)
Business Activities		(494,769)
Blended Component Units		(216,363)
	\$	<u>-</u>

NOTE K – HUD REPAYMENT AGREEMENT

In 2011, the Authority came to an agreement with HUD that the Authority's COCC would repay the Public Housing Program and Housing Choice Vouchers \$177,790 for "improper use of federal funds". HUD asserted that federal funds had been improperly loaned from the Public Housing Program and Housing Choice Vouchers Program to the Authority's COCC (non-federal funds). The COCC may borrow non-federal funds from the Authority but not federal funds. The Authority agreed to repay the Low Rent Public Housing program and the Section 8 Housing Choice Vouchers program \$10,035 annually for a period of 17 years from non-federal funds. At June 30, 2013, the balance on the agreement was \$147,685 of which \$134,000 was owed to the Public Housing Program and \$13,685 was owed to the Housing Choice Vouchers Program.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES PAYABLE

Long-term debt at June 30, 2013, consisted of the following:

<u>Creditor and Description</u>	<u>Balance</u>
Housing Bond, Series 2006, bearing 4.20% interest at June 30, 2013, maturing January 2032, varying annual principal and interest payments of approximately \$72,000, collateralized by certain real property located in Marion, Indiana	\$ 747,639
Housing Bond, Series 2008, bearing 5.30% interest at June 30, 2013, maturing May 2033, varying annual principal and interest payments of approximately \$77,000, collateralized by certain real property located in Marion, Indiana	742,095
Note payable to local financial institution, bearing 3.19% interest, maturing June 2027, annual principal and interest payments of \$9,938, collateralized by certain real property located in Marion, Indiana	82,837
Note payable to local financial institution, bearing 6.15% interest, maturing October 2018, annual principal and interest payments of \$83,433, with a balloon payment at maturity, collateralized by certain real property located in Alexandria, Indiana	853,310
Note payable to local financial institution, bearing 6.50% interest, maturing December 2013, annual principal and interest payments of \$3,106, with a balloon payment at maturity, collateralized by certain real property located in Marion, Indiana	30,104
Note payable to local financial institution, bearing 8.23% interest, maturing October 2019, annual principal and interest payments of \$36,508, with a balloon payment at maturity, collateralized by certain real property located in Marion, Indiana	179,080
	<hr/> 2,635,065
Less: Current Portion	<u>(175,933)</u>
Notes Payable, Non-Current	<u><u>\$ 2,459,132</u></u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

The note is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2014	175,933	131,485	2,459,132
2015	150,379	123,707	2,308,753
2016	154,831	116,016	2,153,922
2017	159,808	108,600	1,994,114
2018	165,012	100,150	1,829,102
2019 - 2023	759,143	384,355	1,069,959
2024 - 2028	760,125	199,621	309,834
2029 - 2033	309,834	57,363	-
Total Payments	<u>\$ 2,635,065</u>	<u>\$ 1,221,296</u>	

Interest expense for the year ended June 30, 2013 was \$142,339.

NOTE M – NON-CURRENT LIABILITIES

Non-current liabilities consist of the following:

	<u>Balance 06/30/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/13</u>	<u>Due Within One Year</u>
Notes Payable	2,761,582	-	126,517	2,635,065	175,933
Accrued Compensated Absences	79,778	82,380	44,092	118,066	11,806
FSS Escrows	27,321	11,177	-	38,498	-
Total Debt	<u>\$ 2,868,681</u>	<u>\$ 93,557</u>	<u>\$ 170,609</u>	<u>\$ 2,791,629</u>	<u>\$ 187,739</u>

NOTE N – RESTRICTED ASSETS

The Authority's restricted assets consist of the following as of June 30, 2013:

FSS Escrows	\$ 38,498
Section 8 HAP Funds	146,047
Replacement Reserves	34,633
Holding Account - Repayment Agreement	5,000
	<u>\$ 224,178</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – RESTRICTED NET POSITION

Restricted Net Position consist of restricted assets that do not have a related liability. The following restricted assets are included in Restricted Net Position at June 30, 2013:

Section 8 HAP Funds	146,047
Replacement Reserves	<u>34,633</u>
	<u>\$ 180,680</u>

NOTE P – PROPERTY AND EQUIPMENT

A summary of Capital Assets for the Authority at June 30, 2013 is as follows:

	Low Rent Public Housing	Capital Fund	Housing Choice Vouchers	New Construction	State/Local	Business Activities	Central Office	Component Units	Total Enterprise Fund
Land	\$ 251,583	\$ -	\$ -	\$ 91,928	\$ 73,227	\$ 7,025	\$ 13,144	\$ -	\$ 436,907
Building and Improvements	13,642,487	-	-	2,341,404	2,073,503	3,648,529	388,182	38,353	22,132,458
Furniture and Equipment	439,241	-	38,040	107,573	-	707	225,873	-	811,434
Construction in Process	-	468,863	-	-	-	-	-	-	468,863
Less Accumulated Depreciation	(9,808,948)	-	(37,207)	(1,987,455)	(986,523)	(566,867)	(474,180)	(4,474)	(13,865,654)
Total Property and Equipment	\$ 4,524,363	\$ 468,863	\$ 833	\$ 553,450	\$ 1,160,207	\$ 3,089,394	\$ 153,019	\$ 33,879	\$ 9,984,008

	July 1, 2012 Balance	Additions	Transfers & Deletions	June 30, 2013 Balance
Land	\$ 429,882	\$ -	\$ 7,025	\$ 436,907
Construction in Process	936,800	410,935	(878,872)	468,863
Total Assets not being Depreciated	1,366,682	410,935	(871,847)	905,770
Buildings and Improvements	21,328,195	41,822	762,441	22,132,458
Furniture and Equipment	697,258	7,649	106,527	811,434
Total Property and Equipment	23,392,135	460,406	(2,879)	23,849,662
Less Accumulated Depreciation				
Building and Improvements	(12,596,995)	(758,231)	-	(13,355,226)
Furniture and Equipment	(473,136)	(40,171)	2,879	(510,428)
Net Book Value	\$ 10,322,004	\$ (337,996)	\$ -	\$ 9,984,008

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE Q – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE R – FINANCIAL DATA SCHEDULE

The Authority prepares its Financial Data Schedule in accordance with HUD requirements in a prescribed format. As the Authority adopted GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position in the current year, presentation and verbiage differences exist between the basic financial statements and the Financial Data Schedule.

NOTE S – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through December 12, 2013, the date the financial statements were issued.

THE HOUSING AUTHORITY OF MARION, INDIANA
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
 JUNE 30, 2013

ASSETS AND DEFERRED
 OUTFLOWS OF RESOURCES

	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/ Local	Business Activities	COCC	Component Unit	Elimination	Total
<u>Current Assets</u>											
Cash and Cash Equivalents	\$ 330,926	\$ -	\$ -	\$ 74,988	\$ -	\$ 110,777	\$ 31,458	\$ 29,295	\$ 2,880	\$ -	\$ 580,324
Accounts Receivable	114	32,086	14,687	21,783	23,067	-	-	-	-	-	91,737
Tenants Accounts Receivable	7,117	-	-	-	-	2,507	3,581	-	-	-	13,205
Allowance for Doubtful Accounts	-	-	-	-	-	-	(628)	-	-	-	(628)
Notes Receivable	134,000	-	13,685	-	-	-	-	2,060	-	(147,685)	2,060
Investments	700,681	-	-	-	-	-	-	-	-	-	700,681
Prepaid Costs	24,446	-	7,263	7,600	1,206	3,874	14,211	13,468	1,103	-	73,171
Inventory, Net of Allowances	-	-	-	2,039	-	13,242	-	13,242	-	-	15,281
Interprogram	-	-	-	-	-	31,937	-	860,091	-	(892,028)	-
Total Current Assets	1,197,284	32,086	35,635	106,410	24,273	149,095	48,622	918,156	3,983	(1,039,713)	1,475,831
<u>Restricted Assets</u>											
Cash and Cash Equivalents	-	-	184,545	-	-	-	-	5,000	-	-	189,545
Investments	-	-	-	34,633	-	-	-	-	-	-	34,633
Total Restricted Assets	-	-	184,545	34,633	-	-	-	5,000	-	-	224,178
<u>Capital Assets</u>											
Land	251,583	-	-	91,928	-	73,227	7,025	13,144	-	-	436,907
Buildings and Improvements	13,642,487	-	-	2,341,404	-	2,073,503	3,648,529	388,182	38,353	-	22,132,458
Furniture & Equipment	439,241	-	38,040	107,573	-	-	707	225,873	-	-	811,434
Construction in Progress	-	468,863	-	-	-	-	-	-	-	-	468,863
(Less): Accumulated Depreciation	14,333,311	468,863	38,040	2,540,905	-	2,146,730	3,656,261	627,199	38,353	-	23,849,662
Net Capital Assets	(9,808,948)	-	(37,207)	(1,987,455)	-	(986,523)	(566,867)	(474,180)	(4,474)	-	(13,865,654)
	4,524,363	468,863	833	553,450	-	1,160,207	3,089,394	153,019	33,879	-	9,994,008
<u>Deferred Outflows of Resources</u>											
Total Assets and Deferred Outflows of Resources	\$ 5,721,647	\$ 500,949	\$ 221,013	\$ 694,493	\$ 24,273	\$ 1,309,302	\$ 3,138,016	\$ 1,076,175	\$ 37,862	\$ (1,039,713)	\$ 11,694,017

THE HOUSING AUTHORITY OF MARION, INDIANA
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
 JUNE 30, 2013

LIABILITIES, DEFERRED INFLOWS
 OF RESOURCES AND NET POSITION

	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/Local	Business Activities	COCC	Component Unit	Elimination	Total
Current Liabilities											
Accounts Payable	\$ 6,847	\$ 32,086	\$ 220	\$ 10,413	\$ -	\$ 407	\$ 1,281	\$ 1,908	\$ 100	\$ -	\$ 53,262
Accrued Wages and Payroll Taxes	8,391	-	3,572	5,172	1,166	1,158	4,150	11,715	-	-	35,324
Accrued Compensated Absences	2,328	-	790	591	-	417	1,500	6,180	-	-	11,806
Accrued Pilot	30,759	-	112	16,877	-	-	64,334	-	-	-	112,082
Accrued Interest Payable	-	-	-	-	-	1,228	6,553	-	70	-	7,861
Tenant Security Deposits	56,893	-	-	23,284	-	10,219	31,458	-	1,099	-	122,953
Current Portion of Notes Payable	-	-	-	-	-	22,624	123,205	-	30,104	-	175,933
Note Payable - HUD Agreement	-	-	-	-	-	-	-	147,685	-	(147,685)	-
Other Current Liabilities	5,223	-	781	1,845	-	1,586	5,904	2,539	1,511	-	19,389
Interprogram	-	-	158,783	-	22,113	-	494,769	-	216,363	(892,028)	-
Total Current Liabilities	110,441	32,086	164,258	58,182	23,279	37,639	733,164	170,027	249,247	(1,039,713)	538,610
Long Term Liabilities											
Notes Payable	-	-	7,109	5,323	-	156,456	2,302,676	-	-	-	2,459,132
Accrued Compensated Absences	19,960	-	38,498	-	994	3,751	13,501	55,622	-	-	106,280
Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	-	38,498
Total Long Term Liabilities	19,960	-	45,607	5,323	994	160,207	2,316,177	55,622	-	-	2,603,890
Total Liabilities	130,401	32,086	209,865	63,505	24,273	197,846	3,049,341	225,649	249,247	(1,039,713)	3,142,500
Deferred Inflows of Resources											
Net Position											
Net Investment in Capital Assets	4,524,363	468,863	833	553,450	-	981,127	663,513	153,019	3,775	-	7,348,943
Restricted Net Position	-	-	146,047	34,633	-	-	-	-	-	-	180,680
Unrestricted Net Position	1,066,883	-	(135,732)	42,905	-	130,329	(574,838)	697,507	(215,160)	-	1,011,894
Total Net Position	5,591,246	468,863	11,148	630,988	-	1,111,456	88,675	850,526	(211,385)	-	8,541,517
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,721,647	\$ 500,949	\$ 221,013	\$ 694,493	\$ 24,273	\$ 1,509,302	\$ 3,138,016	\$ 1,076,175	\$ 37,862	\$ (1,039,713)	\$ 11,684,017

**THE HOUSING AUTHORITY OF MARION, INDIANA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013**

	Public Housing Program	Capital Fund Program	Housing Choice Vouchers	N/C S/R Section 8 Programs	Resident Opportunity and Supportive Services	State/Local	Business Activities	COC	Component Unit	Elimination	Total
Operating Revenues											
Dwelling Rent	\$ 489,692	\$ -	\$ -	\$ 272,655	\$ -	\$ 123,194	\$ 693,617	\$ -	\$ 13,213	\$ -	\$ 1,592,371
Operating Grants	482,342	126,717	2,089,212	244,628	23,067	-	-	17,242	-	-	2,983,208
Other Revenue	5,094	-	11,072	6,521	-	1,163	455,451	568,994	66,895	(966,521)	148,689
Total Operating Revenues	977,128	126,717	2,100,284	523,804	23,067	124,357	1,149,068	586,236	80,108	(966,521)	4,724,248
Operating Expenses											
Administrative	495,416	53,817	230,684	211,148	22,073	27,554	168,407	481,305	391	(512,906)	1,087,889
Tenant Services	7,077	-	-	2,931	-	-	-	-	-	-	10,008
Utilities	189,561	-	-	99,241	-	2,385	54,520	11,447	98	-	357,252
Maintenance and Operations	329,663	-	1,016	141,116	-	42,457	157,482	9,910	5,179	-	686,823
Protective Services	-	-	-	989	-	196	791	-	-	-	1,976
General Expense	130,746	-	12,075	123,546	994	81,641	311,711	82,916	45,703	(453,615)	335,717
Housing Assistance Payments	549,489	-	1,867,533	-	-	-	95,783	10,258	958	-	1,867,533
Depreciation	1,611,952	53,817	2,111,731	647,180	23,067	73,282	788,694	595,836	52,329	(966,521)	798,402
Total Operating Expenses	6,348,224	72,900	(11,447)	(123,376)	-	(103,158)	360,374	(9,600)	27,779	-	(421,352)
Operating Income (Loss)											
Non-Operating Revenues (Expenses)											
Investment Income	4,540	-	11	450	-	4	10	8	-	-	5,023
Interest Expense	-	-	-	-	-	(17,371)	(122,284)	-	(2,684)	-	(142,339)
Total Non-Operating Rev/(Exp)	4,540	-	11	450	-	(17,367)	(122,274)	8	(2,684)	-	(137,316)
Increase (Decrease) in Net Position before transfers and Contributions	(630,284)	72,900	(11,436)	(122,926)	-	(120,526)	238,100	(9,592)	25,095	-	(558,668)
Capital Contributions											
Operating Transfers In (Out)	-	410,935	-	-	-	-	-	-	-	-	410,935
Increase (Decrease) in Net Position	(557,384)	410,935	(11,436)	(122,926)	-	(120,526)	238,100	(9,592)	25,095	-	(147,733)
Net Position, Beginning	5,955,272	251,286	22,584	753,914	-	1,231,981	(149,425)	860,118	(236,480)	-	8,689,250
Net Position Transfers	193,358	(193,358)	-	-	-	-	-	-	-	-	-
Net Position, Ending	\$ 5,591,246	\$ 468,863	\$ 11,148	\$ 630,988	\$ -	\$ 1,111,456	\$ 88,675	\$ 850,526	\$ (211,385)	\$ -	\$ 8,541,517

**THE HOUSING AUTHORITY OF MARION, INDIANA
 STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2013**

	Public Housing Capital Fund Program IN36P041501-06	Public Housing Capital Fund Program IN36P041502-06	Public Housing Capital Fund Program IN36P041501-07
Funds Approved	\$ 424,685	\$ 35,931	\$ 427,517
Funds Expended	424,685	35,931	427,517
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 424,685	\$ 35,931	\$ 427,517
Funds Expended	424,685	35,931	427,517
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificates submitted to HUD for approval are in agreement with the Housing Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

EXPENDITURES

Low Rent Public Housing Expenditures Total CFDA Number 14.850a	<u>\$ 482,342</u>
Public Housing Capital Fund Program Total CFDA Number 14.872	<u>537,652</u>
Section 8 Housing Choice Vouchers Total CFDA Number 14.871	<u>2,089,212</u>
Section 8 New Construction Total CFDA Number 14.182	<u>244,628</u>
Resident Opportunity Supportive Services Total CFDA Number 14.870	<u>23,067</u>
TOTAL HUD EXPENDITURES	<u>3,376,901</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 3,376,901</u>

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

THE HOUSING AUTHORITY OF
MARION, INDIANA
FINANCIAL DATA SCHEDULE
JUNE 30, 2013

ASSETS	LOW RENT 14,850*	CAPITAL FUND PROGRAM 14,872	HOUSING CHOICE VOUCHERS 14,871	N/C S/R SECTION 8 PROGRAMS 14,182	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES 14,870	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL
CURRENT ASSETS											
CASH											
111 CASH UNRESTRICTED	274,033			51,704		100,558		29,295	1,781		457,371
115 CASH RESTRICTED FOR PAYMENT OF S/T DEBT											
112 CASH RESTRICTED MODERNIZATION AND DEV											
113 CASH OTHER RESTRICTED			184,545					5,000			189,545
114 CASH TENANT SECURITY DEPOSIT	56,833			23,284		10,219			1,099		122,953
100 TOTAL CASH	330,926		184,545	74,988		110,777		34,295	2,880		769,859
ACCOUNTS AND NOTES RECEIVABLE											
121 A/R - PHA PROJECTS											
122 A/R - HUD PROJECTS	114	32,986			23,067						55,267
124 A/R - OTHER GOVT											
125 A/R - MISC			14,587	21,783							36,470
126 A/R - TENANTS DWELLING RENT	7,117					2,507					13,205
126.1 ALLOWANCE FOR D.A. - TENANTS							3,581				
126.2 ALLOWANCE FOR D.A. - OTHER							(628)				
127 NOTES AND MORTGAGES RECEIVABLE								2,060			2,060
128 FRAUD RECOVERY											
128.1 ALLOWANCE FOR FRAUD RECOVERY											
129 ACCRUED INTEREST RECEIVABLE											
120 TOTAL RECEIVABLES NET OF ALLOW	7,231	32,986	14,587	21,783	23,067	2,507	2,953	2,060			106,374
CURRENT INVESTMENTS											
131 INVESTMENTS - UNRESTRICTED	700,681										700,681
135 INVESTMENTS RESTRICTED F/T DEBT											
132 INVESTMENTS - RESTRICTED				34,633							34,633
142 PREPAID COSTS	24,446		7,263	7,800	1,206	3,874	14,211	13,468	1,103		73,171
143 INVENTORIES - MATERIALS				2,039							15,281
143.1 ALLOWANCE FOR OBSOLETE INV										(892,028)	
144 INTERPROGRAM DUE FROM						31,937		860,091			
146 AMOUNTS TO BE PROVIDED											
150 TOTAL CURRENT ASSETS	1,063,284	32,986	206,495	141,043	24,273	149,095	48,622	923,156	3,983	(892,028)	1,700,009
NONCURRENT ASSETS											
FIXED ASSETS											
161 LAND	251,583			91,928		73,227	7,025	13,144			436,907
168 INFRASTRUCTURE											
162 BUILDINGS	5,484,226			2,207,332		1,561,859	3,558,448	370,108	38,353		13,220,326
163 FURNITURE & EQUIPMENT - DWELLINGS	101,484		2,878	60,643			707	2,539			168,251
164 FURNITURE & EQUIPMENT - ADMINIS	337,757		35,162	46,930				223,334			643,183
165 LEASEHOLD IMPROVEMENTS	8,158,261			134,072		511,544	80,081	18,074			8,912,132
167 CONSTRUCTION IN PROGRESS		469,863									469,863
166 ACCUMULATED DEPRECIATION	(9,808,948)		(37,207)	(1,987,455)		(986,523)	(566,867)	(474,180)	(4,474)		(13,865,654)
160 TOTAL FIXED ASSETS, NET OF DEPR	4,524,363	469,863	833	553,450		1,150,207	3,089,394	153,019	33,879		9,984,008
171 NOTES & MORTGAGES RECEIVABLE - N/C	134,000		13,685							(147,685)	
172 NOTES & MORTGAGES RECEIVABLE - PD											
173 GRANTS RECEIVABLE - NONCURRENT											
174 OTHER ASSETS											
176 INVESTMENT IN JOINT VENTURES											
180 TOTAL NONCURRENT ASSETS	4,658,363	469,863	14,518	553,450		1,160,207	3,089,394	153,019	33,879	(147,685)	9,984,008
190 TOTAL ASSETS	5,721,647	500,949	221,013	694,493	24,273	1,309,302	3,138,016	1,076,175	37,862	(1,039,713)	11,684,017
LIABILITIES AND EQUITY											
CURRENT LIABILITIES											
311 BANK OVERDRAFT	6,847	32,086									53,262
312 A/P < 90 DAYS			220	10,413		407	1,281	1,908	100		
313 A/P > 90 DAYS											
321 ACCRUED WAGE/PAYROLL TAXES PAYABLE	8,391		3,572	5,172	1,166	1,158	4,150	11,715			35,324
322 ACCRUED COMPENSATED ABSENCES	2,328		790	591		417	1,500	6,180			11,606

THE HOUSING AUTHORITY OF
MARION, INDIANA
FINANCIAL DATA SCHEDULE
JUNE 30, 2013

	LOW RENT	CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS	N/C S/A SECTION 8 PROGRAMS	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES	STATE/LOCAL	BUSINESS ACTIVITIES	COCC	COMPONENT UNIT	ELIMINATION	TOTAL
	14.850a	14.872	14.871	14.162	14.870						
324	ACCUMULATED CONTINGENCY LIABILITY										
325	ACCUMULATED INTEREST PAYABLE					1,228	6,563		70	(147,685)	7,861
331	ACCOUNTS PAYABLE - HUD FHA PROGRAMS							147,685			
332	ACCOUNTS PAYABLE - PHA PROJECTS										
333	ACCOUNTS PAYABLE OTHER GOVT		112	16,877			64,334				112,082
341	TENANT SECURITY DEPOSIT			23,284		10,219	31,458		1,089		122,953
342	DEFERRED REVENUES						2,908				2,908
343	CURRENT PORTION OF LT DEBT CAPITAL					22,624	123,205		30,104		175,933
344	CURRENT PORTION OF LT DEBT OPERATING										
348	LOAN LIABILITIES - CURRENT										
345	OTHER CURRENT LIABILITIES		781	1,845		1,160	2,996	2,539	1,511		15,321
346	ACCUMULATED LIABILITIES - OTHER				22,113		494,769		216,363	(892,028)	
347	INTERPROGRAM DUE TO		158,783		23,279	37,639	733,164	170,027	249,247	(1,039,713)	538,610
310	TOTAL CURRENT LIABILITIES	32,086	164,258	58,182	23,279	37,639	733,164	170,027	249,247	(1,039,713)	538,610
	NONCURRENT LIABILITIES										
351	LONG TERM DEBT NET OF CURRENT CAPITAL					156,456	2,302,676				2,459,132
352	LONG TERM DEBT NET OF CURRENT OPERATING										
354	LONG TERM PORTION OF COMPENSATED ABSENCES		7,109	5,323	994	3,751	13,501	55,622			106,260
355	LOAN LIABILITIES - OTHER										
353	NONCURRENT LIABILITIES OTHER		39,498								38,498
350	TOTAL NONCURRENT LIABILITIES	19,960	45,607	5,323	994	160,207	2,316,177	55,622			2,603,890
300	TOTAL LIABILITIES	130,401	209,865	63,505	24,273	197,846	3,049,341	225,649	249,247	(1,039,713)	3,142,500
	EQUITY										
501	INVESTMENT IN GENERAL FIXED ASSETS										
	CONTRIBUTED CAPITAL										
502	PROJECT NOTES (HUD)										
503	LONG TERM DEBT - HUD GUARANTEE										
504	NET HUD FHA CONTRIBUTIONS										
505	OTHER HUD CONTRIBUTIONS										
507	OTHER CONTRIBUTIONS										
508	FOPAL CONTRIBUTED CAPITAL										
508.1	INVESTMENT IN CAPITAL ASSETS	4,524,363	833	553,450		981,127	663,513	153,019	3,775		7,348,943
	RESERVED FUND BALANCE										
509	RESERVED FOR OPERATING ACTIVITIES										
510	RESERVED FOR CAPITAL ACTIVITIES										
511	TOTAL RESERVED BALANCE		146,047	34,633							180,680
511.1	RESTRICTED NET ASSETS										
512	UNDESIGNATED FUND BALANCE/R/E	1,066,983	(135,732)	42,905		130,329	(574,838)	697,507	(215,160)		1,011,894
513	TOTAL EQUITY	5,591,246	11,148	630,988		1,111,456	88,675	850,526	(211,385)		8,541,517
600	TOTAL LIABILITIES AND EQUITY	5,721,647	221,013	694,493	24,273	1,309,302	3,138,016	1,076,175	37,862	(1,039,713)	11,684,017
703	NET TENANT RENTAL REVENUE	472,268		271,471		118,354	630,772		13,188		1,506,053
704	TENANT REVENUE - OTHER	17,424		1,184		4,940	62,845		25		86,318
705	TOTAL TENANT REVENUE	489,692		272,655		123,194	693,617		13,213		1,592,371
706	HUD FHA GRANTS RECEIVED	482,342	2,089,212	244,628	23,067						2,965,966
706.1	CAPITAL GRANTS RECEIVED	410,935									410,935
707.1	MANAGEMENT FEE							393,386		(393,386)	
707.2	ASSET MANAGEMENT FEE							32,400		(32,400)	
707.3	BOOKKEEPING FEE							87,120		(87,120)	
707.4	FRONT LINE SERVICE FEE										
707.5	OTHER FEES										
708	OTHER GOVT GRANTS							17,242			17,242
710	SEC 8 INCOME										
711	INVESTMENT INCOME - UNRESTRICTED	4,540	2	480							5,014
712	MORTGAGE INTEREST INCOME										

THE HOUSING AUTHORITY OF
MARION, INDIANA
FINANCIAL DATA SCHEDULE
JUNE 30, 2013

	LOW RENT	CAPITAL FUND PROGRAM	HOUSING CHOICE VOUCHERS	N/C S/A SECTION 8 PROGRAMS	RESIDENT OPPORTUNITY SERVICES	STATE/LOCAL	BUSINESS ACTIVITIES	COCC	UNIT	ELIMINATION	TOTAL
	14,850a	14,872	14,871	14,182	14,970						
714 FRAUD RECOVERY			8,060								8,060
715 OTHER REVENUE	5,094		3,012	6,521		1,163	455,451	56,088	66,895	(453,615)	140,609
716 GAIN OR LOSS ON THE DISPOSAL OF FIXED ASSETS											
720 INVESTMENT INCOME - RESTRICTED											9
700 TOTAL REVENUE	981,668	537,652	2,100,295	524,254	23,067	124,361	1,149,078	586,244	80,108	(966,521)	5,140,206
EXPENSES											
911 ADMINISTRATIVE SALARIES	71,251		74,139	79,192	14,510	5,947	39,238	313,839			598,116
912 AUDITING FEES	9,932		1,473	3,487		794	5,798	5,771			27,255
913 MANAGEMENT FEE	175,894	36,449	60,587	63,076		8,296	49,084			(393,386)	
913.1 BOOKKEEPING FEE	22,778		41,234	8,168		2,160	12,780			(87,120)	
914 ADVERTISING AND MARKETING	569		197	361	36		856	643			2,656
915 EMPLOYEE BENEFIT CONTRIBUTION	24,268		25,084	24,097	4,049	2,334	16,805	100,621			197,258
916 OFFICE EXPENSES	61,519		27,433	28,599		7,115	38,468	51,988	391		215,513
917 LEGAL EXPENSE	957		2	97		277	2,337	5,741			9,411
918 TRAVEL	1,724			2,961		38	763	38			5,924
918.1 ALLOCATED OVERHEAD											
919 OTHER	4,130	17,368	535	1,110	3,478	593	2,278	2,664		(32,400)	32,156
920 ASSET MANAGEMENT FEE	22,400										
TENANT SERVICES											
921 TENANT SERVICES SALARIES											
922 RELOCATION COSTS											
923 EMPLOYEE BENEFIT CONTRIBUTION				2,931							10,008
924 TENANT SERVICES OTHER	7,077										
UTILITIES											
931 WATER	37,942			21,565		923	42,457	1,460	87		104,434
932 ELECTRICITY	151,519			77,676		1,007	11,524	7,604	11		249,441
933 GAS						455	539	2,383			3,377
934 FUEL											
935 LABOR											
936 SEWER											
937 EMPLOYEE BENEFIT CONTRIBUTION UTILITY											
938 OTHER UTILITIES											
ORDINARY MAINTENANCE & OPERATION											
941 ORDINARY MAINT AND OP LABOR	150,560			42,316		22,467	57,182	2,884	406		275,815
942 ORDINARY MAINTENANCE AND OF MATERIALS	60,376		802	25,968		5,887	22,769	2,874			119,418
943 ORDINARY MAINTENANCE AND OF CONTRACT	68,158		214	53,594		4,765	60,726	3,136	1,708		192,291
945 EMPLOYEE BENEFIT CONTRIBUTION	50,569			12,976		9,338	16,805	1,016	181		90,885
PROTECTIVE SERVICES											
951 PROTECTIVE SERVICES - LABOR											
952 PROTECTIVE SERVICES - OTHER CONTRACT COSTS				989		196	791				1,976
953 PROTECTIVE SERVICES - OTHER											
955 EMPLOYEE BENEFIT CONTRIBUTION PS											
GENERAL EXPENSES											
961 INSURANCE PREMIUMS	84,547		8,111	24,440		10,885	36,502	2,239	2,650		171,074
962 OTHER GENERAL EXPENSE	8,154		2,432	2,128	994	21	59,737		2,053		71,589
962.1 COMPENSATED ABSENCES	8,299					3,106	7,906	19,227			44,092
963 PAYMENTS IN LIEU OF TAXES	29,746			18,061		129	1,026				47,807
964 BAD DEBT - TENANT											1,155
965 BAD DEBT - MORTGAGES											
966 BAD DEBT - OTHER				78,825		67,500	206,540	59,750	41,000	(453,615)	142,339
967 INTEREST EXPENSE						17,371	122,284		2,684		142,339
968 SVERANCE EXPENSE											
969 TOTAL OPERATING EXPENSES	1,062,463	53,817	243,775	572,729	23,067	174,604	815,195	585,578	51,883	(966,521)	2,613,390
970 EXCESS OPERATING REVENUE OVER OF EXP	(80,755)	463,835	1,856,520	(48,475)		(47,243)	333,983	666	28,225		2,526,616
971 EXTRAORDINARY MAINTENANCE				6,242					2,172		8,414
972 CASUALTY LOSSES - NON CAPITALIZED											
973 BAD			1,867,021								1,867,021

THE HOUSING AUTHORITY OF
MARION, INDIANA
FINANCIAL DATA SCHEDULE
JUNE 30, 2013

	LOW RENT		CAPITAL		HOUSING		N/C S/R		RESIDENT		STATE/		BUSINESS		COMPONENT		TOTAL	
	14,850	14,872	FUND PROGRAM	CHOICE VOUCHERS	SECTION B PROGRAMS	OPPORTUNITY SERVICES	LOCAL	ACTIVITIES	COCC	UNIT	ELIMINATION	512						
973.5 HAP FORFEITABILITY - IN				512														
974 DEPRECIATION EXPENSE	549,489			423	68,209						73,282	95,783			10,268	958		798,402
975 FRAUD LOSSES																		
976 CAPITAL OUTLAYS GOVT FUNDS																		
977 DEBT PRINCIPAL PAYMENT GOVT FUNDS																		
978 DWELLING UNITS RENT EXPENSE																		
900 TOTAL EXPENSES	1,611,952	53,917		2,111,731	647,180			23,067			244,866	910,978			595,836	55,013	(966,521)	5,287,939
1001 OPERATING TRANSFERS IN																		72,900
1002 OPERATING TRANSFERS OUT																		(72,900)
1006 PROCEEDS FROM PROPERTY SALES																		
1007 EXTRAORDINARY ITEMS (NET GAIN/LOSS)																		
1008 SPECIAL ITEMS (NET GAIN/LOSS)																		
1010 TOTAL OTHER FINANCING SOURCES (USES)	72,900																	
1000 EXCESS REVENUE OVER EXPENSES	(587,384)	410,935		(11,436)	(122,926)						(120,525)	238,100			(9,592)	25,095		(147,733)
11030 BEGINNING EQUITY																		
11040 EQUITY TRANSFERS	5,955,272	251,286		22,584	753,914						1,231,981	(149,425)			860,118	(236,480)		8,689,250
11040 EQUITY TRANSFERS	193,358	(193,358)																
11040 PRIOR PERIOD ADJUSTMENTS																		
ENDING EQUITY	5,593,246	469,863		11,148	630,988						1,111,456	88,675			850,526	(211,385)		8,541,517
11170 ADMINISTRATIVE FEE EQUITY																		
11180 HOUSING ASSISTANCE PAYMENTS EQUITY																		
11190 UNIT MONTHS AVAILABLE																		
11210 NUMBER OF UNIT MONTHS LEASED	3,240			5,517	1,180						306	1,763			36			12,052
11610 LAND PURCHASES	2,966			5,248	1,082						270	1,596			36			11,198
11620 BUILDING PURCHASES																		
11630 FURNITURE & EQUIPMENT - DWELLING																		
11640 FURNITURE & EQUIPMENT - ADMINISTRATIVE																		
11650 LEASEHOLD IMPROVEMENTS PURCHASES																		
11660 INFRASTRUCTURE PURCHASES																		
13510 CFFP DEBT SERVICE PAYMENTS																		
13901 REPLACEMENT HOUSING FACTOR FUNDS																		

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2013

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified
Internal Control over financial reporting:
Are material weaknesses identified? ___ Yes X No

Are significant deficiencies that are not considered
to be material weaknesses identified? ___ Yes X None
Reported

Is noncompliance that could have a material effect
on the financial statements identified? ___ Yes X No

FEDERAL AWARDS

Internal control over major programs:
Are material weaknesses identified? ___ Yes X No

Are significant deficiencies that are not considered
to be material weaknesses identified? ___ Yes X None
Reported

Type of report issued on compliance with requirements
applicable to each major program: Unmodified

Are there any audit findings that are required to be
reported in accordance with Section 510(a) of OMB
Circular A-133? X Yes ___ No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Public Housing Low Rent	14.850a
Section 8 Housing Choice Vouchers	14.871
Section 8 New Construction	14.182

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

Is the auditee identified as a low-risk auditee? ___ Yes X No

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2013

Section II: Financial Statement Findings:

Summary Schedule of Prior Year Findings:

Finding 12-01 – Interprogram Balances

Low Rent Public Housing – CFDA 14.850a; for the year ended June 30, 2012

Condition:

It was determined during the prior year audit that the Authority's Low Rent Public Housing Program was carrying significant interprogram receivables due from other federal and non-federal programs above the amounts payable to the program as part of the HUD Repayment Agreement dated January 27, 2011.

Cause:

In the past, certain programs have realized significant financial and operational pressures and have lacked sufficient available resources to meet their operational needs and/or debt service requirements.

Current Year Status:

This finding has been cleared.

Current Year Findings and Questioned Costs:

None

Section III: Federal Award Findings and Questioned Costs

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned:

Finding 13 - 01 – No Declaration of Trust Available

Low Rent Public Housing - CFDA 14.850a; Grant period – year ended June 30, 2013

Criteria

A current Declaration of Trust must be recorded against all public housing properties owned by the Authority that have been acquired, developed, maintained, or assisted with fund from the US Housing Act of 1937. A current Declaration of Trust would include all improvement and modernization efforts on the projects.

THE HOUSING AUTHORITY OF MARION
MARION, INDIANA

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2013

Section III: Federal Award Findings and Questioned Costs – Continued

Current Year Findings and Questioned Costs -- Continued:

Finding 13 - 01 – No Declaration of Trust Available – Continued

Condition and Cause

In 2010, HUD began requiring housing authorities to file a Declaration of Trust against all housing authority properties with the proper authorities and maintain a copy of the Trust at the Authority. During the audit, a copy of the Trust was requested by the auditors, but the Authority was not able to produce a copy of the Trust.

Recommendation

The Authority should record Declarations of Trust against all properties that it owns.

Management Response

The Authority will record Declarations of Trust against all public housing properties we own. Steve Sapp, the Executive Director expects to have this issue resolved by the end of the current year.