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July 25, 2014

Board of Directors
Housing Authority of the City of Fort Wayne
P.O. Box 13489
Fort Wayne, IN 46869-3489

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2009 to June 30, 2010. 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 Fort Wayne, as of June 30, 2010 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 FT. WAYNE
FT. WAYNE, INDIANA**

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

TWELVE MONTHS ENDED JUNE 30, 2010

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Fort Wayne
Fort Wayne, Indiana

I have audited the accompanying financial statements of the Housing Authority of the City of Fort Wayne, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Fort Wayne's management. My responsibility is to express opinions on these financial statements based on my audit.

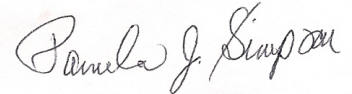
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Fort Wayne, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 10, 2011 on my consideration of the Housing Authority of the City of Fort Wayne's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements with 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 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 my audit.

The Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Housing Authority of the City of Fort Wayne, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also not a required part of the basic financial statements of the Housing Authority of the City of Fort Wayne. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Housing Authority of the City of Fort Wayne. The schedule of federal expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all materials respects in relation to the basic financial statements taken as a whole.

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".

Certified Public Accountant

Decatur, Illinois
March 10, 2011

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The Housing Authority of the City of Fort Wayne'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, and (d) identify individual fund 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

- Revenues increased by \$3.2 million (or 17%) during 2010, and were \$18.0 million and \$21.2 million for 2009 and 2010 respectively.
- The total expenses of all Authority programs decreased by \$.7 million (or 3%). Total expenses were \$20.9 million and \$20.2 million for 2009 and 2010 respectively.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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)

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (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.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", 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 Assets (the "Unrestricted Net Assets") is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets 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 Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). 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 capital grant revenue, investment income and interest expense.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

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

The Authority's Funds

Business Type Funds

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. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Other Non-major Funds – In addition to the major funds above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expenses of less than 5% of the Authority's total assets, liabilities, revenues or expenses:

Resident Opportunity and Supportive Services – a grant program funded by the Department of Housing and Urban Development to give opportunities and support among the Authority's resident population.

Housing Counseling Assistance Program – a grant program funded by the Department of Housing and Urban Development to provide housing counseling services to the local population.

Hope VI Demolition – a grant program funded by the Department of Housing and Urban Development to Demolish Authorities properties that are severely distressed.

Business Activities – represents non-HUD resources developed from a variety of activities.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

AUTHORITY-WIDE STATEMENTS

Statement of Net Assets

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

TABLE 1

STATEMENT OF NET ASSETS

	2010 (In millions Of dollars)	2009 (In millions Of dollars)
Current and Other Assets	\$ 12.1	\$ 10.6
Capital Assets	15.9	15.7
Total Assets	<u>28.0</u>	<u>26.3</u>
Current Liabilities	2.6	1.5
Long-Term Liabilities	3.1	3.5
Total Liabilities	<u>5.7</u>	<u>5.0</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	12.7	12.1
Restricted	3.2	2.3
Unrestricted	6.4	6.9
Total Net Assets	<u>\$22.3</u>	<u>\$21.3</u>

For more detailed information see for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

During 2010, current and other assets and liabilities increased with more money through operations.

Capital assets changed slightly, increasing from \$15.7 million to \$15.9 million. The \$.2 million increase may be attributed primarily to a combination of net acquisitions, less current year depreciation and amortization. For more detail see "Capital Assets and Debt Administration" below.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Table 2 presents details on the change in Unrestricted Net Assets

TABLE 2
CHANGE OF UNRESTRICTED NET ASSETS

	Millions of Dollars
Unrestricted Net Assets 06/30/09	\$ 6.9
Results of Operations	(0.5)
Adjustments:	
Depreciation (1)	1.5
Adjusted Results from Operations	1.0
Capital Expenditures (2)	(1.4)
Prior Year Adjustments	(0.1)
Unrestricted Net Assets 06/30/10	\$ 6.4

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

(2) Capital expenditures represent an outflow of unrestricted net assets, but are not treated as an expense against Results of Operations, and therefore must be deducted

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

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	2010 (Million of dollars)	2009 (Million of dollars)
Revenues		
Tenant Revenue – Rents and Other	\$ 1.3	\$ 1.3
Operating Subsidies and Grants	18.1	15.4
Capital Grants	1.2	.7
Investment Income	0.0	0.0
Other Revenues	0.6	0.6
Total Revenue	21.2	18.0
Expenses		
Administrative	2.2	1.9
Tenant Services	0.2	0.0
Utilities	0.5	0.6
Maintenance	1.6	1.9
Protective Services	0.2	0.0
General	0.5	0.4
Housing Assistance Payments	13.5	14.6
Depreciation	1.5	1.5
Total Expenses	20.2	20.9
Net Increase(Decrease)	\$ 1.0	\$ (2.9)

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Tenant revenue was stable during 2010 in comparison to 2009. Operating Subsidies, Grants and Capital Grants increased. The increase was due to two major factors: (1) the Authority has been engaging in a high level of Capital Improvement activity, which has resulted in increased Grant Revenues, and (2) the Authority has been aggressively pursuing additional Operating Subsidies.

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Most expenses increased moderately due to inflation, except for Maintenance, and Housing Assistance Payments. Housing Assistance Payments decreased due to a lower level of leasing activities within the Authority's Housing Choice Voucher Program. Maintenance expenses decreased in excess of inflation due to a lower level of maintenance activity during the fiscal year 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$15.9 million invested in a variety of capital assets as reflected in the following schedule.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	Business-type Activities	
	2010 (Millions of dollars)	2009 (Millions of dollars)
Land and land rights	\$ 1.7	\$ 1.7
Buildings	25.8	25.6
Equipment – Administrative	1.1	1.2
Equipment – Dwelling	1.4	1.2
Accumulated Depreciation	(33.0)	(31.7)
Leasehold Improvements	13.8	13.8
Construction In Progress	5.1	3.9
Total	<u>\$15.9</u>	<u>\$15.7</u>

HOUSING AUTHORITY OF THE CITY OF FORT WAYNE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes.

TABLE 5
CHANGE IN CAPITAL ASSETS
(IN MILLIONS)

	Business Type Activities
Beginning Balance	\$15.7
Additions, Net of Retirements	1.6
Depreciation and Amortization	<u>(1.5)</u>
Ending Balance	<u><u>\$15.8</u></u>

This year's major additions primarily capital expenditures related to modernizing the Authority's housing developments. There was also an amount of equipment purchases.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provide 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 utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Carolyn M. Nichter, Fiscal Services Director of the Housing Authority of the City of Fort Wayne, at (260) 449-7816. Specific requests may be submitted to the Housing Authority of the City of Fort Wayne at 2025 South Anthony Blvd., PO Box 13489, Fort Wayne, Indiana, 46868-3489.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**STATEMENT OF NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2010**

<u>ASSETS</u>	Proprietary Funds	Component Unit
CURRENT ASSETS		
Cash	\$ 3,340,984	\$ 83,166
Accounts receivable (interfund eliminated)	276,464	74,547
Inventory	52,301	0
Investments	4,748,895	0
Deferred charges	<u>242,660</u>	<u>217</u>
 Total Current Assets	 <u>\$ 8,661,304</u>	 <u>\$ 157,930</u>
 RESTRICTED ASSETS		
Cash	\$ 3,350,533	\$ 0
 Total Restricted Assets	 <u>\$ 3,350,533</u>	 <u>\$ 0</u>
 CAPITAL ASSETS		
Land, buildings and equipment	\$ 48,829,249	\$ 74,239
Less: Accumulated depreciation	<u>-33,020,389</u>	<u>-20,880</u>
 Net Capital Assets	 <u>\$ 15,808,860</u>	 <u>\$ 53,359</u>
 Total Assets	 <u>\$ 27,820,697</u>	 <u>\$ 211,289</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank overdraft	\$ 1,911,892	\$ 0
Accounts payable (interfund eliminated)	246,215	44,214
Bonds payable	150,000	0
Accrued liabilities	226,972	0
Deferred revenue	<u>6,924</u>	<u>0</u>
 Total Current Liabilities	 <u>\$ 2,541,003</u>	 <u>\$ 44,214</u>
 NONCURRENT LIABILITIES		
Bonds payable	\$ 3,005,001	\$ 0
FSS escrow	<u>162,840</u>	<u>0</u>
 Total Noncurrent Liabilities	 <u>\$ 3,167,841</u>	 <u>\$ 0</u>
 <u>NET ASSETS</u>		
Invested in capital assets	\$ 12,653,859	\$ 53,359
Restricted	3,187,722	0
Unrestricted	<u>6,270,272</u>	<u>113,716</u>
 Total Net Assets	 <u>\$ 22,111,853</u>	 <u>\$ 167,075</u>

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2010**

	Proprietary Funds	Component Unit
<u>Operating Income</u>		
Tenant rental revenue	\$ 1,114,663	\$ 6,600
Tenant revenue - other	<u>143,224</u>	<u>65</u>
Total Tenant Revenue	\$ 1,257,887	\$ 6,665
HUD grants - operating	18,068,927	0
Other fees	59,655	0
Fraud recovery	50,666	
Other revenue	509,065	0
Gain or loss on sale of capital assets	<u>6,945</u>	<u>0</u>
Total Operating Income	<u>\$ 19,953,145</u>	<u>\$ 6,665</u>
<u>Operating Expenses</u>		
Administration	\$ 2,156,383	\$ 1,025
Tenant services	191,269	0
Utilities	477,403	0
Ordinary maintenance and operation	1,535,603	39,903
Protective services	191,565	0
General expense	478,248	1,368
Extraordinary maintenance	9,030	0
Housing assistance payments	13,460,364	0
Depreciation	<u>1,513,098</u>	<u>1,671</u>
Total Operating Expenses	<u>\$ 20,012,963</u>	<u>\$ 43,967</u>
Net Operating Income (Loss)	<u>\$ -59,818</u>	<u>\$ -37,302</u>
<u>Nonoperating Income (Expense)</u>		
Interest expense	\$ -151,693	\$ 0
Interest income	<u>29,366</u>	<u>0</u>
Total Nonoperating Income (Expense)	\$ -122,327	\$ 0
<u>Capital Contributions</u>		
Capital fund grants	<u>1,224,461</u>	<u>0</u>
Changes in net assets	\$ 1,042,316	\$ -37,302
Net assets, beginning of year	21,132,967	204,377
Prior period adjustments/transfers	<u>-63,430</u>	<u>0</u>
Net assets, end of year	<u><u>\$ 22,111,853</u></u>	<u><u>\$ 167,075</u></u>

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2010**

<u>Operating Activities</u>	Proprietary <u>Funds</u>	Component <u>Unit</u>
Operating grants	\$ 18,084,648	\$ 0
Tenant revenue	1,244,615	6,055
Other revenue	626,331	0
Housing assistance payments	-13,460,364	0
Payments to employees	-1,844,318	0
Payments to suppliers and contractors	<u>-3,164,954</u>	<u>-41,835</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,485,958</u>	<u>\$ -35,780</u>
 <u>Investing Activities</u>		
Investments (purchased) redeemed	\$ 680,534	\$ 0
Interest income	<u>29,366</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 709,900</u>	<u>\$ 0</u>
 <u>Capital and Related Financing Activities</u>		
Capital fund grants	\$ 1,224,461	\$ 0
(Additions) deletions to fixed assets	-1,708,633	0
Interest expense	-151,693	0
Retirement of debt	<u>-409,999</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -1,045,864</u>	<u>\$ 0</u>
Net Change in Cash	\$ 1,149,994	\$ -35,780
Cash Balance at June 30, 2009	<u>3,629,631</u>	<u>118,946</u>
Cash Balance at June 30, 2010 (net of overdraft)	<u><u>\$ 4,779,625</u></u>	<u><u>\$ 83,166</u></u>

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2010**

<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)	\$ -59,818	\$ -37,302
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	1,513,098	1,671
Adjustments to net assets	-63,430	0
 (Increase) decrease in accounts receivable	 -9,915	 -610
(Increase) decrease in deferred charges	64,948	-14
(Increase) decrease in inventory	-52,301	0
 Increase (decrease) in accounts payable	 69,842	 475
Increase (decrease) in accrued liabilities	-29,401	0
Increase (decrease) in deferred revenues	-710	0
Increase (decrease) in other liabilities	<u>53,645</u>	<u>0</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 1,485,958</u>	 <u>\$ -35,780</u>

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Ft. Wayne was established by the City of Ft. Wayne 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 Ft. Wayne 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 Ft. Wayne is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements.

Also included in these financial statements is a non-profit component unit that operates a program promoting home ownership among participants - the Housing Opportunities Program.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(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
- * Section 8 Choice Vouchers
- * Housing Counseling Assistance (a federal program funded by the City of Ft. Wayne and HUD)
- * State and local grant programs
- * Housing Opportunities Program (program that promotes home ownership among the participants operated as the component unit)
- * Central Office Cost Center
- * ROSS
- * Formula Capital Fund Stimulus Grant
- * Veterans Affairs Supportive Housing (VASH)

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 Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with maturity of one (1) month or less when purchased to be cash equivalents. All investments purchased with a maturity of greater than one (1) month are classified as investments.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 2010, 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.

(g) Inventories and Materials -

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

(h) Investments -

Investments are stated at cost which approximates market.

(i) Fixed Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the initial cost of a piece of equipment and/or other personal property is five hundred dollars (\$500) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(i) Fixed Assets - (Continued)

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

Buildings	15-40	years
Equipment	5-7	years
Leasehold improvements	15	years

(j) Net Assets -

GASB Statement 34 requires the classification of net assets into three components as defined below:

- 1) Invested in capital assets, net of related debt - this component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues and unamortized debt expense reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2) Restricted - this component of net assets consist of constraints placed on net assets use through external constraints imposed by creditors, contributors or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(k) Income Tax -

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

(l) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (m) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted to the Board for approval.
- (n) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (o) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disables 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.
- (p) Rental income is recognized as rents become due.
- (q) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

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

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent/COCC	\$ 518,482	\$ 694,601
Voucher	4,215,071	4,207,398
State and Local	10,000	10,000
VASH	<u>36,072</u>	<u>36,072</u>
Subtotal	\$ 4,779,625	\$ 4,948,071
Component Unit	<u>83,166</u>	<u>83,166</u>
Total (net of overdraft)	<u>\$ 4,862,791</u>	<u>\$ 5,031,237</u>

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent/COCC	\$ 2,714,945	\$ 2,714,945
Voucher	780,562	780,562
State and Local	<u>1,253,388</u>	<u>1,253,388</u>
Total	<u>\$ 4,748,895</u>	<u>\$ 4,748,895</u>

Note 3 - Compensated Absences

In general, vacations shall be taken during the calendar year in which they have been earned. Carry-over entitlements must be requested in writing to the department supervisor and approved by the Executive Director by December 31 of each year. In no event will vacation be carried beyond the calendar year following the year in which it was earned. Sick leave is accrued at the rate of one-half day for each full month of continuous employment and may be accrued to no more than 1,000 hours. In the event a full-time employee is terminated at a time that he/she has accumulated sick leave, he/she shall receive one dollar per hour, up to a maximum of \$1,000 for every hour of accumulated sick leave, provided the employee was not terminated for disciplinary reasons. After ten years, the sick leave is paid out 3 - 1 at the regular rate of pay.

The estimated portion of the liability for vested sick leave benefits attributable to the Housing Authority is recorded as an expenditure and liability in each of the respective programs.

Note 4 - Defined Contribution Plan

The Housing Authority provides benefits for all of its full-time employees through the Public Employee's Retirement Fund (PERF) of Indiana. PERF is the state-administered pension system for the majority of governmental employees in the State of Indiana. PERF is classified as an agent multiple-employer public employee retirement system under the guidelines of GASB Statement No. 5, "Disclosure of pension Information by Public Employee Retirement Systems and State and Local Governmental Employers". PERF act as an agent for all participating governmental units. The benefits payment obligation is transferred in total from the Housing Authority to PERF at the time an employee retires.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 4 - Defined Contribution Plan (Continued)

The employer portion (5.75% for July 1, 2009 to December 31, 2009 and 6.0% for January 1, 2010 and after) of each employee's eligible compensation is paid into a defined benefit plan, while the employee portion (3% of eligible compensation) goes into a defined contribution plan. The Ft. Wayne Housing Authority also pays the employee portion.

Employees become vested in PERF after ten years of membership acquired through service in a governmental unit in Indiana. Vested employees are eligible to retire with 44% of full benefits at age 50 with 15 years of service, and with full benefits at age 65. For the fiscal year ended June 30, 2010, actual contributions by the Housing Authority and plan participants were \$105,971 and \$55,237, respectively. Total annual payroll expense was \$ 1,876,793.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:	<u>Proprietary Funds</u>	<u>Component Unit</u>
Tenants accounts receivable	\$ 34,540	\$ 741
Accounts receivable - HUD	50,221	0
Other	122,397	73,806
Fraud recovery	25,642	0
Component unit	<u>43,664</u>	<u>0</u>
Subtotal	\$ 276,464	\$ 74,547
Interfund	<u>199,125</u>	<u>0</u>
Total	<u>\$ 475,589</u>	<u>\$ 74,547</u>

Note 6 - Investments

At June 30, 2010 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Savings	various	\$ 1,988,817	\$ 1,988,817
Certificates of deposit	various	1,108,903	1,108,903
Bond Funds	various	352,338	352,338
Treasury Bills	various	1,000,000	1,000,000
Money market accounts	various	<u>298,837</u>	<u>298,837</u>
Total		<u>\$ 4,748,895</u>	<u>\$ 4,748,895</u>

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 7 - Deferred Charges

	Proprietary Funds	Component Unit
This classification includes the following accounts:		
Prepaid insurance	\$ 110,756	\$ 217
Insurance deposits	82,105	0
Other deferred charges	<u>49,799</u>	<u>0</u>
Total	<u>\$ 242,660</u>	<u>\$ 217</u>

Note 8 - Capital Assets

Balance as of June 30, 2010	\$ 15,808,860	\$ 53,359
Balance as of June 30, 2009	<u>15,613,325</u>	<u>55,030</u>
Net Increase (Decrease)	<u>\$ 195,535</u>	<u>\$ -1,671</u>

Reconciliation

Additions/transfers	\$ 1,553,082	\$ 0
Adjustments to assets basis	155,551	0
Current year depreciation expense	<u>-1,513,098</u>	<u>* -1,671 *</u>
Total	<u>\$ 195,535</u>	<u>\$ -1,671</u>

Proprietary Funds

Analysis

	07/01/2009 Balance	Additions/ Transfers	Deletions/ Transfers	06/30/2010 Balance
Land	\$ 1,649,668	\$ 0	\$ 0	\$ 1,649,668
Buildings	25,536,420	146,689	0	25,683,109
Equipment and furniture	2,371,512	203,784	0	2,575,296
Leasehold improvements	13,824,644	0	0	13,824,644
Construction in progress	<u>3,925,346</u>	<u>1,171,186</u>	<u>0</u>	<u>5,096,532</u>
Total	\$ 47,307,590	\$ 1,521,659	\$ 0	\$ 48,829,249
Accumulated depreciation	<u>-31,694,265</u>	<u>187,309</u>	<u>1,513,433</u>	<u>-33,020,389</u>
Net Capital Assets	<u>\$ 15,613,325</u>	<u>\$ 1,708,968</u>	<u>\$ 1,513,433</u>	<u>\$ 15,808,860</u>

*Current year depreciation expense.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 8 - Capital Assets (Continued)

<u>Analysis</u>	<u>Component Unit</u>			
	<u>07/01/2009 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>06/30/2010 Balance</u>
Land	\$ 7,424	\$ 0	\$ 0	\$ 7,424
Buildings	<u>66,815</u>	<u>0</u>	<u>0</u>	<u>66,815</u>
Total	\$ 74,239	\$ 0	\$ 0	\$ 74,239
Accumulated depreciation	<u>-19,209</u>	<u>0</u>	<u>1,671</u>	* <u>-20,880</u>
Net Capital Assets	<u>\$ 55,030</u>	<u>\$ 0</u>	<u>\$ 1,671</u>	<u>\$ 53,359</u>

*Current year depreciation expense.

Note 9 - Accounts Payable

This classification includes the following accounts:

	<u>Proprietary Funds</u>	<u>Component Unit</u>
Vendors and contractors	\$ 159,932	\$ 0
Tenants security deposits	70,660	550
Accounts payable - other	<u>14,623</u>	<u>43,664</u>
Subtotal	\$ 246,215	\$ 44,214
Interfund	<u>199,125</u>	<u>0</u>
Total	<u>\$ 445,330</u>	<u>\$ 44,214</u>

Note 10 - 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.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 11 - Other Long Term Debt - Capital Fund Bonds

Original issue \$3,810,000, dated June 1, 2006, provides for principal and interest to be paid from a portion of the annual public housing Capital Fund allocation payments granted to the Authority each fiscal year by HUD. The bonds shall bear interest and be paid semi-annually.

	<u>Balance</u> <u>07/01/2009</u>	<u>Proceeds</u> <u>2009-2010</u>	<u>Decrease</u> <u>2009-2010</u>	<u>Balance</u> <u>06/30/2010</u>
Revenue Bonds	\$ <u>3,565,000</u>	\$ <u>0</u>	\$ <u>409,999</u>	\$ <u>3,155,001</u>

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

<u>Due Fiscal</u> <u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 150,000	\$ 144,760
2012	155,000	137,593
2013	165,000	130,073
2014	170,000	122,200
2015	180,000	113,975
Thereafter	2,335,001	1,238,098

Note 12 - Accrued Liabilities

Accrued liabilities consists of the following:

	<u>Proprietary</u> <u>Funds</u>	<u>Component</u> <u>Unit</u>
<u>Current Portion:</u>		
Accrued wages/payroll taxes	\$ 121,222	\$ 0
Accrued compensated absences	105,746	0
Payment in lieu of taxes	<u>4</u>	<u>0</u>
Total	<u>\$ 226,972</u>	<u>\$ 0</u>

Note 13 - Deferred Revenue

This classification consists of the following accounts:

Prepaid rent	<u>\$ 6,924</u>	<u>\$ 0</u>
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Note 14 - 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 determined by HUD on a calendar year basis.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 15 - Allocation of Costs

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

Note 16 - Contingencies

Federal Grants

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

Note 17 - Adjustments Posted To Net Assets

The following adjustments were posted directly to equity accounts:

	<u>Proprietary Funds</u>	<u>Component Unit</u>
Variances in balances at conversion to asset management	\$ 95,047	\$ 0
Adjustment to fixed asset basis - asset management	167,897	0
Adjustment for ROSS expenses	75,129	0
Adjustment to insurance deposits	-1,409	0
Adjustment to investments	<u>-400,094</u>	<u>0</u>
Total	<u>\$ -63,430</u>	<u>\$ 0</u>

Note 18 - Contracts/Commitments

As of June 30, 2010, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-06	\$ 1,167,248	\$ 689,809
CFP 501-07	1,090,461	424,092
CFP 501-08	1,180,337	566,818
CFP 501-09	1,105,449	74,143
CFP 501-04 (RHF)	137,349	137,349
CFP 501-05 (RHF)	137,829	137,829
CFP 501-06 (RHF)	127,445	127,445
Stimulus Grant 501-09	<u>1,656,249</u>	<u>18,621</u>
Total	<u>\$ 6,602,367</u>	<u>\$ 2,176,106</u>

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2010
(CONTINUED)**

Note 19 - 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 20 - Economic Dependency

The Housing Authority received most of its revenue (90%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 21 - Legal Matters

There is one significant lawsuit pending. This lawsuit was filed by Allen County Builders against the Housing Authority alleging a breach of contract. There was a trial in this matter in January, 2011 with the judge's decision pending. As a part of this lawsuit the Housing Authority also filed a counter-claim against Allen County Builders. Should Allen County Builders be successful the judgment against the Housing Authority would be approximately \$60,000. If the Housing Authority is successful in its counter-claim the agency could recover in excess of \$100,000. The agency has reasonable factual and legal basis to believe that judgment will be rendered in the agency's favor.

SUPPLEMENTAL DATA

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2010**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
			FYE			
Public and Indian Housing*	14.850a	C-981	06/30/10	\$ 1,964,771	\$ 1,964,771	\$ 1,964,771
			FYE			
Housing Choice Voucher Program*	14.871	C-2010V	06/30/10	\$ 15,423,586	\$ 15,423,586	\$ 14,738,894
			FYE			
Public Housing - Capital Funds*	14.872	C-981	06/30/10	\$ 4,946,118	\$ 1,544,866	\$ 1,544,866
			FYE			
Formula Capital Fund Stimulus Grant	14.885	C-981	06/30/10	\$ 1,656,249	\$ 18,621	\$ 18,621
			FYE			
Veterans Affairs Supportive Housing	14.VSH *		06/30/10	\$ 241,018	\$ 241,018	\$ 180,096
			FYE			
ROSS Grant	14.870	C-2010V	06/30/10	\$ 170,699	\$ 64,521	\$ 64,521
			FYE			
Housing Counseling - HUD	14.169	C-981	06/30/10	\$ 36,005	\$ 36,005	\$ 36,005
Total Federal Assistance				\$ 24,438,446	\$ 19,293,388	\$ 18,547,774

*Denotes major program.



**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 Fort Wayne
Fort Wayne, Indiana

I have audited the financial statements of Housing Authority of the City of Fort Wayne as of and for the year ended June 30, 2010, and have issued my report thereon dated March 10, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Housing Authority of the City of Fort Wayne's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Fort Wayne's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Fort Wayne's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2010-1)

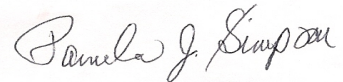
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Fort Wayne's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (2010-1).

I noted certain matters that I reported to management of Housing Authority of the City of Fort Wayne in a separate letter dated March 10, 2011.

Housing Authority of the City of Fort Wayne's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Housing Authority of the City of Fort Wayne's response and, accordingly, I express no opinion on it.

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



Certified Public Accountant

Decatur, Illinois
March 10, 2011



**Report on Compliance With Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

Board of Commissioners
Housing Authority of the City of Fort Wayne
Fort Wayne, Indiana

Compliance

I have audited Housing Authority of the City of Fort Wayne'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 Housing Authority of the City of Fort Wayne's major federal programs for the year ended June 30, 2010. Housing Authority of the City of Fort Wayne's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Housing Authority of the City of Fort Wayne's management. My responsibility is to express an opinion on Housing Authority of the City of Fort Wayne's compliance based on my audit.

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*. 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 direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of Fort Wayne's compliance with those requirement and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Housing Authority of the City of Fort Wayne's compliance with those requirements.

As described in items (2010-1) in the accompanying schedule of findings and questioned costs, Housing Authority of the City of Fort Wayne did not comply with requirements regarding asset management that are applicable to its Public Housing and Capital Fund Programs and regarding tenant eligibility in its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for Housing Authority of the City of Fort Wayne to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Housing Authority of the City of Fort Wayne 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, 2010.

Internal Control Over Compliance

Management of Housing Authority of the City of Fort Wayne is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Housing Authority of the City of Fort Wayne's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance 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 Housing Authority of the City of Fort Wayne's internal control over compliance.

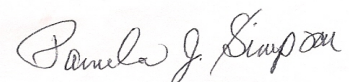
My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (2010-1 and 2010-2) to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a 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 attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (2010-1 and 2010-2) to be significant deficiencies.

Housing Authority of the City of Fort Wayne's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Housing Authority of the City of Fort Wayne's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, Housing and Urban Development, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

Decatur, Illinois
March 31, 2011

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for June 30, 2009 contained two findings.

Finding 2009-1: Incomplete Section 8 Participant Files

Condition and Criteria: During the test of participant eligibility incomplete documentation and incorrect calculations of HAP was noted in six (6) of those files. Additionally it was noted that four (4) files examined did not contain properly completed Section 214 declarations for all household members. This finding continues - see finding 2010-2.

Finding 2009-2: Incomplete Asset Management Conversion

Condition and Criteria: Asset based management (mandated by HUD 24CFR990) requires a separate financial statement for each Asset Management Project Grouping (AMP) designation. Additionally, Capital Fund Program(CFP) projects are to be allocated to the related AMP. The separate Central Office Cost Center (COCC)is also required to maintain a separate set of financial statements. While auditing the current financial statements it is noted that the asset management conversion was not started until after the end of the fiscal year, but prior to the final closing of the year end statements. The conversion to asset management procedures completed by the Housing Authority did not include the reconciliation of the depreciation schedules (which includes the related assets cost, accumulated depreciation or depreciation expense) to each of the AMPS or the COCC. The allocation of uncompleted CFP projects was also not completed in the general ledgers. The Housing Authority used a spread sheet to support the unaudited reporting by AMP, however, the spread sheet did not accurately reflect the books of record (general ledgers and subsidiary ledgers). This finding continues - see finding 2010-1.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:

Unqualified

* Material weakness(es) identified? X yes _____ no
* Significant deficiency (ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? X yes _____ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? X yes _____ no
* Significant deficiency (ies) identified? X yes _____ none reported

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

Qualified

Any audit findings disclosed that are required
to be reported in accordance with
Section 510(a) of OMB Circular A-133?

X yes _____ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.850a

Public and Indian Housing

14.871

Housing Choice Voucher Program

14.872

Public Housing - Capital Funds

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

\$ 300,000

Auditee qualified as low-risk auditee?

_____ yes X _____ no

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

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

Section II - Financial Statement Findings

The following financial statement audit findings were discussed with Maynard Scales, Executive Director and Carolyn Nichter, Director of Finance, during the course of the audit and at an exit conference held March 31, 2011.

Finding 2010-1: Incomplete Asset Management Conversion

Condition and Criteria: Asset based management (mandated by HUD 24CFR990) requires a separate financial statement for each Asset Management Project Grouping (AMP) designation. Additionally, Capital Fund Program(CFP) projects are to be allocated to the related AMP. The separate Central Office Cost Center (COCC)is also required to maintain a separate set of financial statements. While auditing the prior year financial statements it is noted that the asset management conversion was not started until after the end of the fiscal year, but prior to the final closing of the year end statements. The conversion to asset management procedures completed by the Housing Authority did not include the reconciliation of the depreciation schedules (which includes the related assets cost, accumulated depreciation or depreciation expense) to each of the AMPS or the COCC. The allocation of uncompleted CFP projects was also not completed in the general ledgers. The Housing Authority used a spread sheet to support the unaudited reporting by AMP, however, the spread sheet did not accurately reflect the books of record (general ledgers and subsidiary ledgers). Subsequent to the fiscal year end, the asset management conversion was completed.

Effect: The general ledgers maintained by the Housing Authority did not reflect a complete conversion to asset management as required by HUD as of June 30, 2010.

Cause: The asset management conversion was not completed timely and there was a lack of internal controls implemented to assure that the conversion was properly supported and documented.

Auditor's Recommendation: The Housing Authority must review all documents used in the conversion process to be assured that they are accurate. Depreciation schedules need to be maintained to accurately and properly reflect the assets and related depreciation in each of the groupings as well as the COCC. Capital fund projects in process should be properly allocated to each of the related AMPS. The general ledger needs to be updated to accurately report under the Asset Management reporting requirements. Management should thoroughly review and maintain procedures under the new Operating Fund Rule 24CFR990.

Grantee Response: The agency had hired an outside consultant to assist with the process of Asset Management conversion, however, after FWHA review more work was required to achieve desired compliance. As a result, the general ledger maintained during the year did not reflect the workpapers prepared in the conversion process. The Director of Finance with the assistance of the consultant did complete the asset management conversion process subsequent to the end of the year and provided supporting workpapers to the auditor.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

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

Section III - Federal Award Findings

The following federal award audit findings were discussed with Maynard Scales, Executive Director and Carolyn Nichter, Director of Finance, during the course of the audit and at an exit conference held March 31, 2011.

Finding 2010-2: Incomplete Section 8 Participant Files

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During my current year test of participant eligibility (40 files examined) I noted incomplete documentation and incorrect calculations of HAP in eight (8) of those files. Additionally it was noted that two (2) files examined did not contain properly completed Section 214 declarations or copies of birth certificates for all household members as required by PHA policy.

Effect: It cannot be determined if the Section 8 participants were eligible and their HAP assistance was calculated in accordance with HUD regulations.

Cause: Adequate quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant

Auditor's Recommendation: I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Admin Plan and that they are trained in the proper procedures for applying those policies and HUD regulations.

Grantee Response: The Section 8 Department has undergone many staffing changes during the past several months of the audit period. It had previously been determined that the current staff would receive more training in applying all policies contained in our Section 8 Admin plan and HUD regulations. The training was conducted mid way through the fiscal year (November 26, 2009). Additional quality assurance reviews will be conducted by the Section Manager to determine that the policies are being adhered to in the future. Effective April 1, 2009, the required number of quality reviews of participant files increased from 7% to 10% in our effort to reduce errors and omissions.

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Amp 1</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Retained earnings	2806	\$ 2,856.57		2806
Prepaid computer support	1290.01		\$ 2,856.57	1290.01
(To correct posting of prior year adjusting journal entry #3)				
(2)				
Prepaid computer support	1290.01	\$ 3,324.35		1290.01
Data processing expense	4190.02		\$ 3,324.35	2806
(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)				
(3)				
Insurance expense	4510.01	\$ 1,283.06	\$ 6,892.00	2806
Fringe benefits expense	4540.01	1,522.48	1,283.06	2806
Prepaid insurance	1211	5,339.52		1211
(To reverse prior year audit entry, correct prepaid and reclassify worker's comp expense to insurance from fringe benefits)				
(4)				
Compensated absence expense	----	\$ 9,422.67		2806
Salary expense	4110.01		\$ 3,959.77	2806
Maintenance wage expense	4410.01		5,462.90	2806
(To reclassify amount of earned absence expense from wages to absence expense)				
(5)				
FF & E - administration	1400.11	\$ 4,973.44		n/a
Nonexpendable new	7540.01		\$ 4,973.44	n/a
(Adjustment made by H/A as a subsequent event - adjustment only for report purposes)				
(6)				
Wells Fargo CFP Checking	----	\$ 47,370.80		n/a
Investment - Bond	----	88.25		n/a
Investment - Bond Interest	----	12.89		n/a
Investment - Bond Rebate Fund	----	876.06		n/a
Cost	----	1,577,644.15		n/a
Accumulated depreciation	----		\$ 1,060.93	n/a
Long term debt	----		938,716.55	n/a
Equity	----		705,711.15	n/a
CFP 2005 subsidy	----		25,505.96	n/a
CFP 2006 subsidy	----		14,010.35	n/a
CFP 2007 subsidy	----		54,148.13	n/a
CFP 2008 subsidy	----		18,543.05	n/a
Interest income	----		2.03	n/a

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 1</u> (Continued)	Audit <u>Account Number</u>	<u>Debit</u>	<u>Credit</u>	Posting <u>Account Number</u>
(6) (Continued)				
Other operating income	----		\$ 270.00	n/a
Salaries expense	----	\$ 2,732.43		n/a
Tenant services expense	----	14,117.14		n/a
Miscellaneous contract expense	----	4,980.10		n/a
Security expense	----	63,535.38		n/a
Fringe benefit expense	----	1,477.43		n/a
Interest debt service	----	45,133.52		n/a

(Memo entry to allocate CFP - adjustment only for report purposes)

(7)				
Investment - JP Morgan Chase	1162.01	\$1,110,534.38		1162.01
Depreciation expense	5800	320,262.00		2806
Accumulated depreciation	1405		\$ 320,262.00	1405
Retained earnings	2806		1,110,534.38	2806

(To post adjustments provided by Housing Authority)

Amp 2

(1)				
Land	1400.01	\$.02		1400.01
Building	1400.13	82,156.37		1400.13
Accumulated depreciation	1405	3,095,004.86		1405
Retained earnings	2806	261,406.54		2806
Development activity	1400.25		\$ 54,943.76	1400.25
Site improvements	1400.14		2,963,859.04	1400.14
FF & E - dwelling	1400.10		291,394.11	1400.10
FF & E - administration	1400.11		118,355.88	1400.11
Vehicles	1400.12		10,015.00	1400.12

(To post prior year audit adjustment)

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 2 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(2)				
Wells Fargo	1111.16	\$ 311,751.95		n/a
Tenants accounts receivable	1122		\$ 2,376.26	n/a
Prepaid insurance	1211		2,783.87	n/a
Prepaid dues	1290.02		19.74	n/a
Building	1400.13		290,401.63	n/a
Accrued legal	2117.09	2.00		n/a
Accrued gift	2117.10	5.53		n/a
Accrued PERF	2117.11	273.23		n/a
Accrued tenant services - HRPI	2119.02	.81		n/a
Tenant security deposits	2114	1,950.00		n/a
Accrued prepaid legal	2117.12		7.00	n/a
Accrued compensation	2135	292.00		n/a
Prepaid rents	2117.10	534.00		n/a
Tenant rental revenue	----	20,946.00		n/a
Tenant rent - other	----		157.00	n/a
Admin expenses	----		6,064.86	n/a
Utilities	----		8,612.83	n/a
Ordinary maintenance	----		21,945.83	n/a
General expense	----		2,482.60	n/a
Extraordinary maintenance	----		903.90	n/a

(To reclassify balances related to Brooklyn Pointe for report purposes. Reported as Amp 7)

(3)				
Prepaid computer support	1290.01	\$ 3,123.55		1290.01
Data processing expense	4190.02		\$ 3,123.55	2806
(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)				

(4)				
Prepaid insurance	1211	\$ 793.69		1211
Insurance expense	4510	1,283.06	\$ 793.69	2806
Fringe benefits expense	4540		1,283.06	2806

(To reverse prior year audit entry and reclassify w/c expense from fringe benefits back to insurance expense)

(5)				
Compensated absence expense	----	\$ 8,609.04		2806
Salaries expense	4110.01		\$ 2,440.18	2806
Maintenance wage expense	4410.01		6,168.86	2806

(To reclassify amount of earned absence expense from wages to absence expense)

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 2 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(6)				
Wells Fargo CFP Checking	----	\$ 43,987.17		n/a
Investment - Bond	----	29.42		n/a
Investment - Bond Interest	----	4.30		n/a
Investment - Bond Rebate Fund	----	292.02		n/a
Cost	----	1,151,374.70		n/a
Accumulated depreciation	----		\$ 985.15	n/a
Long term debt	----		306,884.71	n/a
Equity	----	286,939.33		n/a
CFP 2005 subsidy	----		21,212.89	n/a
CFP 2006 subsidy	----		260,737.22	n/a
CFP 2007 subsidy	----		63,528.65	n/a
CFP 2008 subsidy	----		532,078.63	n/a
RHF 2004 subsidy	----		128,107.04	n/a
RHF 2005 subsidy	----		137,829.00	n/a
RHF 2006 subsidy	----		127,445.00	n/a
Interest income	----		.68	n/a
Other operating income	----		90.00	n/a
Salaries expense	----	2,272.50		n/a
Tenant services expense	----	4,742.11		n/a
Miscellaneous contract expense	----	5,934.23		n/a
Security expense	----	67,269.80		n/a
Fringe benefit expense	----	1,298.36		n/a
Interest debt service	----	14,755.03		n/a
(Memo entry to allocate CFP - adjustment only for report purposes)				

(7)				
Investment - JP Morgan Chase	1162.01	\$ 614,183.37		1162.01
Depreciation expense	5800	255,205.00		2806
Accumulated depreciation	1405		\$ 255,205.00	1405
Retained earnings	2806		614,183.37	2806
(To post adjustments provided by Housing Authority)				

Amp 3

(1)				
Wells Fargo general	1111.16	\$ 104.80		1111.16
Accumulated depreciation	1405	168,366.00		1405
Accrued 457 Plan w/h	2117.08		\$ 52.40	2117.08
Accrued PERF expense	2117.11		1,786.90	2117.11
Retained earnings	2806		166,631.50	2806

(To reverse prior year audit adjustments posted to Amp 3, but written for Amp 4)

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 3 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(2)				
Prepaid computer support	1290.01	\$ 2,263.41		1290.01
Data processing expense	4190.02		\$ 2,263.41	2806
(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)				
(3)				
Prepaid dues/subscriptions	1290.02	\$ 10,170.21		1290.02
Dues/subscription expense	4190.06		\$ 10,170.21	2806
(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)				
(4)				
Prepaid insurance	1211		\$ 6,543.12	1211
Insurance expense	4510.01	\$ 6,842.50		2806
Fringe benefits expense	4540.01	983.68	1,283.06	2806
(To reverse prior year audit entry and reclassify w/c expense from fringe benefits back to insurance expense)				
(5)				
Compensated absence expense	----	\$ 8,070.38		2806
Salaries expense	4110.01		\$ 3,089.64	2806
Maintenance wage expense	4410.01		4,980.74	2806
(To reclassify amount of earned absence expense from wages to absence expense)				
(6)				
Wells Fargo CFP Checking	----	\$ 35,528.10		n/a
Investment - Bond	----	26.48		n/a
Investment - Bond Interest	----	3.87		n/a
Investment - Bond Rebate Fund	----	262.82		n/a
Cost	----	381,796.84		n/a
Accumulated depreciation	----		\$ 795.69	n/a
Long term debt	----		285,219.16	n/a
Equity	----		81,726.87	n/a
CFP 2005 subsidy	----		19,445.15	n/a
CFP 2006 subsidy	----		57,025.45	n/a
CFP 2007 subsidy	----		5,476.40	n/a
CFP 2008 subsidy	----		212.75	n/a
Interest income	----		.61	n/a
Other operating income	----		81.00	n/a

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 3 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(6) (Continued)				
Salaries expense	----	\$ 2,083.13		n/a
Tenant services expense	----	3,830.16		n/a
Miscellaneous contract expense	----	4,865.96		n/a
Security expense	----	6,754.89		n/a
Fringe benefit expense	----	1,117.48		n/a
Interest debt service	----	13,713.35		n/a

(Memo entry to allocate CFP - adjustment only for report purposes)

(7)				
Investment - JP Morgan Chase	1162.01	\$ 881,767.93		1162.01
Depreciation expense	5800	311,445.00		2806
Accumulated depreciation	1405		\$ 295,538.00	1405
Retained earnings	2806		897,674.93	2806

(To post adjustments provided by Housing Authority)

Amp 4

(1)				
Accrued PERF expense	2117.11	\$ 1,786.90		2117.11
Invested in fixed assets	2806	166,631.50		2806
Accrued 457 Plan w/h	2117.08	52.40		2117.08
Wells Fargo general	1111.16		\$ 104.80	1111.16
Accumulated depreciation	1405		168,366.00	1405

(To post prior year audit adjustment #1, posted to Amp 3 in current year)

(2)				
Retained earnings	2806	\$ 2,675.80		2806
Retained earnings	2806	1,735.96		2806
Prepaid insurance	1211		\$ 4,411.76	1211

(To correct posting of prior year JE #2)

(3)				
Prepaid computer support	1290.01	\$ 3,447.05		1290.01
Data processing expense	4190.02		\$ 3,447.05	2806

(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)

(4)				
Dues/subscription expense	4190.06	\$ 837.46		2806
Prepaid dues/subscriptions	1290.02		\$ 837.46	1290.02

(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 4 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(5)				
Prepaid insurance	1211	\$ 1,709.55		1211
Insurance expense	4510	1,283.05	\$ 1,709.55	2806
Fringe benefits expense	4540		1,283.05	2806
(To correct prepaid to actual and reclassify w/c expense from fringe benefits to insurance expense)				
(6)				
Compensated absence expense	----	\$ 10,787.83		2806
Salaries expense	4110.01		\$ 4,028.53	2806
Maintenance wage expense	4410.01		6,759.30	2806
(To reclassify amount of earned absence expense from wages to absence expense)				
(7)				
FF & E - administration	1400.11	\$ 4,973.44		n/a
Nonexpendable new	7540.01		\$ 4,973.44	n/a
(Adjustment made by H/A as a subsequent event - adjustment only for report purposes)				
(8)				
Wells Fargo CFP Checking	----	\$ 42,295.36		n/a
Investment - Bond	----	150.03		n/a
Investment - Bond Interest	----	21.92		n/a
Investment - Bond Rebate Fund	----	1,489.29		n/a
Cost	----	1,985,715.18		n/a
Accumulated depreciation	----		\$ 947.25	n/a
Long term debt	----		1,624,179.58	n/a
Equity	----		458,963.35	n/a
CFP 2005 subsidy	----		23,359.43	n/a
CFP 2006 subsidy	----		14,469.01	n/a
CFP 2007 subsidy	----		37,649.11	n/a
CFP 2008 subsidy	----		4,084.00	n/a
Interest income	----		3.45	n/a
Other operating income	----		459.00	n/a
Salaries expense	----	2,502.46		n/a
Tenant services expense	----	4,559.72		n/a
Miscellaneous contract expense	----	4,939.65		n/a
Security expense	----	43,013.39		n/a
Fringe benefit expense	----	1,336.58		n/a
Interest debt service	----	78,090.60		n/a
(Memo entry to allocate CFP - adjustment only for report purposes)				

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Amp 4 (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(9)				
Investment - JP Morgan Chase	1162.01	\$1,601,606.16		1162.01
Depreciation expense	5800	439,688.00		2806
Accumulated depreciation	1405		\$ 440,023.00	1405
Retained earnings	2806		1,601,271.16	2806

(To post adjustments provided by Housing Authority)

Amp 7

(1)				
Depreciation expense	5800	\$ 7,260.00		2806
Accumulated depreciation	1405		\$ 7,260.00	1405

(To record depreciation expense for fiscal year)

Voucher

(1)				
Accounts receivable - HUD	1125	\$ 89,467.00		1125
Other operating income	3690	80,468.00		2806
Retained earnings	2806	822,420.22		2806
Prepaid insurance	1211		\$ 16,705.00	1211
Vendors and contractors	2111		140,320.16	2111
Admin fee	3301		100,783.00	2806
HUD PHA contribution	3401.03		734,547.06	2806

(To adjust accounts to actual per HUD notices and reverse entries posted directly to retained earnings)

(2)				
Data processing expense	4190.02	\$ 2,166.87		2806
Prepaid computer support	1290.01		\$ 2,166.87	1290.01

(To post account back to adjusted balance - prior year audit entry posted after reconciling entry made)

(3)				
Prepaid insurance	1211		\$ 15.30	1211
Fringe benefits expense	4540.01		12,986.69	2806
Insurance expense	4510 .01	\$ 13,001.99		2806

(To reclassify portion of insurance expense charged to fringe benefits that was for w/c and correct prepaid to match schedule)

(4)				
A/R - PHA	1135.04	\$ 589.12		1135.04
Miscellaneous receivables	1122.03		\$ 589.12	1122.03

(To reclassify transactions coded to #1122-03 in error)

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Voucher</u> (Continued)	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(5)				
Compensated absence expense	----	\$ 42,151.05		2806
Salaries expense	4110.01		\$ 42,151.05	2806
(To reclassify amount of earned absence expense from wages to absence expense)				
(6)				
HUD PHA contribution	3401.03	\$ 241,018.00		2806
Cash	1111.17		\$ 2,419.65	1111.17
Prepaid HUD funding	2210.01		225,235.00	2210.01
Salaries expense	4110.01		10,099.09	2806
Fringe benefits expense	4540.01		3,264.26	2806
(To adjust accounts to actual)				
(7)				
FF & E - administration	1400.11	\$ 173,138.00		n/a
Depreciation expense	4590.1	15,694.44		n/a
Accumulated depreciation	1405	153,336.04		n/a
Buildings	1400.13		\$ 14,713.00	n/a
Nonexpendable replacement	7520.01		5,711.00	n/a
Nonexpendable new	7540.01		23,714.00	n/a
Retained earnings	2806		169,030.48	n/a
(Adjustment made by H/A as a subsequent event - adjustment only for report purposes)				
(8)				
Data processing expense	4190.02	\$ 1,152.50		2806
FF & E - administration	1400.11		\$ 1,152.50	1400.11
(To reclassify computer support for system backup bought in FY 2010)				
(9)				
Investment - JP Morgan Chase	1162.01	\$ 173,668.25		1162.01
Accumulated depreciation	1405.01	4,858.00		1405
Depreciation expense	4590.01		\$ 2,486.00	2806
Retained earnings	2806		176,040.25	2806
(To adjust accounts to reconciled depreciation schedule and summary of investment account)				

Capital Funds

(1)				
Retained earnings	2806	\$3,239,107.75		2806
Investment - JP Morgan Chase	1162.01		\$ 3,239,107.75	1162.01
(To post adjustments provided by Housing Authority)				

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Cost Center</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Retained earnings	2806	\$3,681,517.00		2806
Land	1400.01		\$ 3,559,104.00	1400.01
Depreciation expense	5800		122,413.00	2806
(To reverse posting of prior year audit adjustment #7 and correction of beginning balances per trial balance of FYE 06/30/2009)				
(2)				
Accrued compensated absence	2135.01		\$ 10,923.62	2135.01
Admin wages	4110.01	\$ 10,923.62		2806
(To correct reversal posting of Housing Counseling prior year accrual, post to COCC)				
(3)				
Prepaid computer support	1290.01	\$ 29,363.67		1290.01
Data processing expense	4190.02		\$ 29,363.67	2806
(To adjust account to actual per check #10487 to Empower Software)				
(4)				
Prepaid insurance	1211	\$ 47,440.17		1211
Insurance expense	4510.01		\$ 30,670.34	2806
Fringe benefits expense	4540.01		12,691.44	2806
Vendors and contractors	2111		8,158.00	2111
Data processing expense	4190.02	4,079.61		2806
(To correct prepaid insurance to actual)				
(5)				
Insurance deposit	1212		\$ 1,408.85	1212
Retained earnings	2806	\$ 1,408.85		2806
(To record changes to insurance deposit)				
(6)				
Compensated absence expense	----	\$ 36,709.15		2806
Salaries expense - admin	4110.01		\$ 13,476.14	2806
Salaries expense - acct	4110.01		12,212.20	2806
Maintenance wage expense	4410.01		11,020.81	2806
(To reclassify amount of earned absence expense from wages to absence expense)				
(7)				
A/R - ROSS	----	\$ 38,637.98		----
Retained earnings	2806		\$ 38,637.98	2806
(To adjust interfund to actual - no prior separation of the two programs)				

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>Cost Center</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(8)				
Prepaid dues/subscriptions	1290.02	\$ 5,976.97		1290.02
Dues/subscriptions expense	4190.06		\$ 5,976.97	4190.06
(To adjust prepaid to actual - recurring entry was over calculated)				
(9)				
Vehicles	1400.12	\$ 16,623.00		n/a
FF & E - administration	1400.11	5,228.85		n/a
HUD PHA contributions	2802	3,559,104.00		n/a
Nonexpendable replacement	7520.01		\$ 18,381.85	n/a
Nonexpendable new	7540.01		3,470.00	n/a
Land	1400.01		3,559,104.00	n/a
(Adjustment made by H/A as a subsequent event - adjustment only for report purposes)				
(10)				
Land	1400.01	\$3,559,104.00		1400.01
HUD PHA contributions	2802		\$ 3,559,104.00	2802
(To reverse double posting of correction to beginning balance)				
(11)				
Claims other programs	1129.02	\$ 145,096.00		1129.02
Retained earnings	2806	601,783.98		2806
Management fee	3695		\$ 145,096.00	2806
Investment - JP Morgan Chase	1162.01		561,333.51	1162.01
Open Mod costs	1400.02		40,450.47	1400.02
Depreciation expense	5800	104,064.00		2802
Accumulated depreciation	1405		104,064.00	1405
(To post adjustments provided by Housing Authority)				
<u>State and Local</u>				
(1)				
Accumulated depreciation	1405.01	\$ 6,353.88		1405.01
Depreciation expense	4590.1		\$ 6,353.88	2806
(To correct depreciation for item that is already fully depreciated)				
(2)				
Investments	1162.06	\$ 14,687.26		1162.06
Interest on investments	3610		\$ 14,687.26	2806
(Interest on last two maturities of CD not recorded)				

**HOUSING AUTHORITY OF THE CITY OF FT. WAYNE
FT. WAYNE, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

<u>State and Local</u> (Cont'd)	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(3)				
Retained earnings	2806	\$ 981,410.87		2806
Investments - JP Morgan Chase	1162.01		\$ 981,410.87	1162.01
(To adjust account to summary of investment account)				

Housing Counseling

(1)				
Accrued compensated absence	2135.01	\$ 10,923.62		2135.01
Salary expense	4110.01		\$ 10,923.62	2806
(To reverse prior year accrued compensated absence)				

(2)				
Compensated absence expense	----	\$ 6,250.83		2806
Salary expense	4110.01		\$ 6,250.83	2806
(To reclassify amount of earned absence expense from wages to absence expense)				

ROSS

(1)				
A/R - HUD	1125	\$ 38,638.97		1125
Ross subsidy	3401.11	36,491.22		2806
A/P - COCC	----		\$ 38,638.97	----
Interest income	3610		.99	2806
Retained earnings	2806		36,491.22	2806
(To adjust amounts to actual)				

VASH

(1)				
Cash	1111.17	\$ 2,419.65		1111.17
Prepaid HUD funding	2210.01	225,235.00		2210.01
Salaries expense	4110.01	10,099.09		2806
Fringe benefits expense	4540.01	3,264.26		2806
HUD PHA contributions	3401.03		\$ 241,018.00	2806
(To adjust accounts to actual)				

HOP (Component Unit)

(1)				
FF & E administration	1400.11		\$ 169.00	1400.11
Miscellaneous sundry	4190.01	\$ 169.00		2806
(To reclassify computer purchased that was capitalized, but did not meet requirements per policy)				

Fort Wayne Housing Authority (IN003)
FORT WAYNE, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2010

	Project Total	14 871 Housing Choice Vouchers	6 Component Units	2 State/Local	14 VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14 885 Formula Capital Fund Stimulus Grant	14 870 Resident Opportunity and Supportive Services	14 169 Housing Counseling Assistance Program	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,357,140	\$903,978	\$82,816	\$10,000	\$1,156					\$3,354,890		\$3,354,890
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$4,524	\$3,311,093			\$34,916					\$3,350,533		\$3,350,533
114 Cash - Tenant Security Deposits	\$68,710		\$550							\$69,260		\$69,260
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$2,430,374	\$4,215,071	\$83,166	\$10,000	\$35,072	\$0	\$0	\$0	\$0	\$6,774,683	\$0	\$6,774,683
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects		\$11,382					\$38,639			\$50,221		\$50,221
124 Accounts Receivable - Other Government												
125 Accounts Receivable - Miscellaneous	\$113	\$13,723	\$73,806						\$108,561	\$195,203		\$195,203
126 Accounts Receivable - Tenants	\$38,640		\$741						\$4	\$39,385		\$39,385
126.1 Allowance for Doubtful Accounts - Tenants	\$-4,104	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-4,104		\$-4,104
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, and Mortgages Receivable - Current												
128 Fraud Recovery	\$25,642									\$25,642		\$25,642
128.1 Allowance for Doubtful Accounts - Fraud		\$0								\$0		\$0
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$34,649	\$50,947	\$74,547	\$0	\$0	\$0	\$38,639	\$0	\$108,565	\$307,347	\$0	\$307,347
131 Investments - Unrestricted	\$2,382,117	\$780,562		\$1,253,388					\$332,828	\$4,748,895		\$4,748,895
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$107,587	\$39,467	\$217	\$3,108				\$38	\$92,460	\$242,877		\$242,877
143 Inventories									\$53,368	\$53,368		\$53,368
143.1 Allowance for Obsolete Inventories									\$-1,067	\$-1,067		\$-1,067
144 Inter-Program Due From				\$43,664					\$199,125	\$242,789	\$-242,789	\$0
145 Assets Held for Sale												
150 Total Current Assets	\$4,954,727	\$5,086,047	\$157,930	\$1,310,160	\$36,072	\$0	\$38,639	\$38	\$785,279	\$12,368,882	\$-242,789	\$12,126,103
161 Land	\$1,553,881		\$7,424	\$46,087					\$50,000	\$1,657,092		\$1,657,092
162 Buildings	\$24,111,111	\$31,420	\$65,815	\$10,000					\$1,030,578	\$25,749,924		\$25,749,924
163 Furniture, Equipment & Machinery - Dwellings	\$440,434	\$682,861		\$5,680						\$1,128,875		\$1,128,875
164 Furniture, Equipment & Machinery - Administration	\$263,451	\$230,412		\$61,771				\$4,850	\$885,927	\$1,446,421		\$1,446,421
165 Leasehold Improvements	\$13,632,985	\$74,366							\$117,293	\$13,824,644		\$13,824,644
166 Accumulated Depreciation	\$31,515,330	\$-275,718	\$-20,880	\$-58,112				\$4,850	\$-1,166,379	\$33,041,269		\$33,041,269
167 Construction in Progress	\$5,096,532									\$5,096,532		\$5,096,532
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$13,582,774	\$1,243,341	\$53,359	\$65,326	\$0	\$0	\$0	\$0	\$917,419	\$15,862,219	\$0	\$15,862,219
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	\$13,582,774	\$1,243,341	\$53,359	\$65,326	\$0	\$0	\$0	\$0	\$917,419	\$15,862,219	\$0	\$15,862,219
190 Total Assets	\$18,537,501	\$6,329,988	\$211,289	\$1,375,486	\$36,072	\$0	\$38,639	\$38	\$1,702,698	\$28,231,111	\$-242,789	\$27,988,322

Fort Wayne Housing Authority (IN003)
FORT WAYNE, IN
Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2010

Submission Type: Audited/A-133

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.158 HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14.885 Formula Capital Fund Stimulus Grant	14.870 Resident Opportunity and Supportive Services	14.169 Housing Counseling Assistance Program	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	\$311,752								\$1,600,140	\$1,911,892		\$1,911,892
312 Accounts Payable - 90 Days	\$5,033	\$152,056			\$1,156				\$1,687	\$159,932		\$159,932
321 Accrued Wage/Payroll Taxes Payable	\$37,934	\$44,603						\$4,222	\$34,463	\$121,222		\$121,222
322 Accrued Compensated Absences - Current Portion	\$30,553	\$23,063						\$12,578	\$38,552	\$105,746		\$105,746
324 Accrued Contingency Liability												
325 Accrued Interest Payable												
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government									\$4	\$4		\$4
341 Tenant Security Deposits	\$70,660		\$550							\$71,210		\$71,210
342 Deferred Revenues	\$5,874	\$50								\$6,924		\$6,924
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$150,000									\$150,000		\$150,000
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities	\$9,442	\$659							\$4,152	\$14,622		\$14,622
346 Accrued Liabilities - Other	\$1									\$1		\$1
347 Inter Program - Due To		\$145,066	\$43,664	\$1,397			\$38,638	\$13,984		\$242,789	-\$242,789	\$0
348 Loan Liability - Current												
310 Total Current Liabilities	\$622,249	\$365,727	\$44,214	\$1,397	\$1,156	\$0	\$38,638	\$30,963	\$1,679,988	\$2,784,342	-\$242,789	\$2,541,553
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$3,005,001									\$3,005,001		\$3,005,001
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other	\$4,524	\$158,287							\$29	\$162,840		\$162,840
354 Accrued Compensated Absences - Non Current												
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$3,009,525	\$158,287	\$0	\$0	\$0	\$0	\$0	\$0	\$29	\$3,167,841	\$0	\$3,167,841
300 Total Liabilities	\$3,631,774	\$524,014	\$44,214	\$1,397	\$1,156	\$0	\$38,638	\$30,963	\$1,680,027	\$5,952,183	-\$242,789	\$5,709,394
508.1 Invested in Capital Assets, Net of Related Debt	\$10,427,773	\$1,243,341	\$53,359	\$65,326					\$917,419	\$12,707,218		\$12,707,218
508.2 Fund Balance Reserved												
511.2 Unreserved, Designated Fund Balance												
511.1 Restricted Net Assets		\$3,152,806			\$34,916					\$3,187,722		\$3,187,722
512.1 Unrestricted Net Assets	\$4,477,954	\$1,406,227	\$113,716	\$1,308,763	\$0	\$0	\$1	-\$30,925	-\$684,748	\$6,383,868		\$6,383,868
512.2 Unreserved, Undesignated Fund Balance												
513 Total Equity/Net Assets	\$14,905,727	\$5,806,374	\$107,075	\$1,374,089	\$34,916	\$0	\$1	-\$30,925	\$22,671	\$22,278,928	\$0	\$22,278,928
600 Total Liabilities and Equity/Net Assets	\$18,537,501	\$6,329,388	\$211,289	\$1,375,465	\$36,072	\$0	\$38,639	\$38	\$1,702,698	\$28,231,111	-\$242,789	\$27,988,322

Fort Wayne Housing Authority (IN003)
FORT WAYNE, IN
Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2010

Submission Type: Audited/A-133

	Project Total	14 871 Housing Choice Vouchers	6 Component Units	2 State/Local	14 VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14 885 Formula Capital Fund Stimulus Grant	14 870 Resident Opportunity and Supportive Services	14 169 Housing Counseling Assistance Program	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,114,693		\$6,600							\$1,121,293		\$1,121,293
70400 Tenant Revenue - Other	\$143,224		\$65							\$143,289		\$143,289
70500 Total Tenant Revenue	\$1,257,917	\$0	\$6,665	\$0	\$0	\$0	\$0	\$0	\$0	\$1,264,582	\$0	\$1,264,582
70600 HUD PHA Operating Grants	\$2,265,176	\$15,423,588			\$241,018	\$18,621	\$64,521	\$36,005		\$18,068,927		\$18,068,927
70610 Capital Grants	\$1,224,461									\$1,224,461		\$1,224,461
70710 Management Fee										\$527,080	-\$527,080	\$0
70720 Asset Management Fee										\$33,216	-\$33,216	\$0
70730 Book Keeping Fee										\$61,740	-\$61,740	\$0
70740 Front Line Service Fee												
70750 Other Fees										\$59,655		\$59,655
70700 Total Fee Revenue										\$681,691	-\$622,036	\$59,655
70800 Other Government Grants												
71100 Investment Income - Unrestricted	\$11	\$6,095		\$16,000			\$1		\$7,259	\$29,366		\$29,366
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery		\$50,666								\$50,666		\$50,666
71500 Other Revenue	\$4,127	\$40,313		\$6,000				\$7,900	\$430,725	\$509,085		\$509,085
71600 Gain or Loss on Sale of Capital Assets		\$2,595							\$4,350	\$6,945		\$6,945
72000 Investment Income - Restricted												
72000 Total Revenue	\$4,771,662	\$15,523,255	\$6,665	\$22,000	\$241,018	\$18,621	\$64,522	\$43,905	\$1,144,025	\$21,835,673	-\$622,036	\$21,213,637
91100 Administrative Salaries	\$189,585	\$543,694								\$1,161,588		\$1,161,588
91200 Auditing Fees	\$3,020	\$3,325		\$1,290	\$10,089			\$56,972	\$361,238	\$7,956		\$7,956
91300 Management Fee	\$381,984	\$145,096						\$128	\$193	\$527,080	-\$527,080	\$0
91310 Book-keeping Fee	\$72									\$61,740	-\$61,740	\$0
91400 Advertising and Marketing										\$72		\$72
91500 Employee Benefit Contributions - Administrative	\$233,966	\$205,147						\$17,707	\$138,897	\$598,781		\$598,781
91600 Office Expenses	\$59,471	\$162,158		\$12,976				\$757	\$100,479	\$335,841		\$335,841
91700 Legal Expense	\$5,755	\$3,088	\$29	\$9,230					\$9,422	\$27,524		\$27,524
91800 Travel	\$1,083	\$4,505	\$3	\$5,294			\$854	\$2,033	\$10,881	\$24,653		\$24,653
91910 Allocated Overhead												
91900 Other			\$893							\$893		\$893
91000 Total Operating - Administrative	\$936,676	\$1,067,013	\$1,025	\$28,790	\$13,363	\$0	\$854	\$77,597	\$620,910	\$2,746,228	-\$568,820	\$2,157,408

Fort Wayne Housing Authority (IN003)
FORT WAYNE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	14,758 HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-	14,885 Formula Capital Fund Stimulus Grant	14,870 Resident Opportunity and Supportive Services	14,189 Housing Counseling Assistance Program	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	\$33,216								\$7,957	\$33,216	-\$33,216	\$0
92100 Tenant Services - Salaries		\$90,594					\$48,945			\$117,486		\$117,486
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services		\$21,903					\$14,722			\$43,001		\$43,001
92400 Tenant Services - Other	\$30,687								\$85	\$30,772		\$30,772
92500 Total Tenant Services	\$30,687	\$22,497	\$0	\$0	\$0	\$0	\$63,667	\$0	\$14,418	\$191,269	\$0	\$191,269
93100 Water	\$62,872	\$1,279							\$960	\$65,111		\$65,111
93200 Electricity	\$225,080	\$14,614							\$10,951	\$250,645		\$250,645
93300 Gas	\$59,094	\$919							\$1,838	\$61,851		\$61,851
93400 Fuel												
93500 Labor												
93600 Sewer	\$98,163	\$1,448							\$185	\$99,796		\$99,796
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense												
93900 Total Utilities	\$445,209	\$18,260	\$0	\$0	\$0	\$0	\$0	\$0	\$13,934	\$477,403	\$0	\$477,403
94100 Ordinary Maintenance and Operations - Labor	\$379,085	\$7,130							\$99,513	\$475,708		\$475,708
94200 Ordinary Maintenance and Operations - Materials and Other	\$117,033	\$2,767	\$90						\$138,780	\$258,670		\$258,670
94300 Ordinary Maintenance and Operations Contracts	\$665,900	\$37,303	\$39,813	\$220		\$18,621		\$25	\$53,262	\$815,144		\$815,144
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,327	\$71							\$24,986	\$25,984		\$25,984
94600 Total Maintenance	\$1,163,325	\$47,271	\$39,903	\$220	\$0	\$18,621	\$0	\$25	\$306,141	\$1,575,506	\$0	\$1,575,506
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs	\$189,393								\$935	\$190,328		\$190,328
95300 Protective Services - Other		\$890								\$890		\$890
95500 Employee Benefit Contributions - Protective Services									\$347	\$347		\$347
95600 Total Protective Services	\$189,393	\$890	\$0	\$0	\$0	\$0	\$0	\$0	\$1,282	\$191,565	\$0	\$191,565
96110 Property Insurance	\$110,484	\$35,044	\$560						\$29,026	\$175,114		\$175,114
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance												
96100 Total Insurance Premiums	\$110,484	\$35,044	\$560	\$0	\$0	\$0	\$0	\$0	\$29,026	\$175,114	\$0	\$175,114

Fort Wayne Housing Authority (IN003)
FORT WAYNE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.158 HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-)	14.885 Formula Capital Fund Stimulus Grant	14.870 Resident Opportunity and Supportive Services	14.169 Housing Counseling Assistance Program	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$234,212	\$784,361	-537,302	-\$11,629	\$60,922	\$0	\$1	-\$39,968	\$14,417	\$1,005,014	\$0	\$1,005,014
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$13,570,540	\$4,649,937	\$204,377	\$2,367,129	\$0	\$0	\$0	\$9,043	\$536,319	\$21,337,344		\$21,337,344
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,100,975	\$371,076		-\$981,411	-\$26,006				-\$528,064	-\$63,430		-\$63,430
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		\$2,652,568								\$2,652,568		\$2,652,568
11180 Housing Assistance Payments Equity		\$3,152,806								\$3,152,806		\$3,152,806
11190 Unit Months Available	848	34440	12							42900		42900
11210 Number of Unit Months Leased	8350	28508	12							37870		37870
11270 Excess Cash	\$4,003,231									\$4,003,231		\$4,003,231
11610 Land Purchases	\$0								\$0	\$0		\$0
11620 Building Purchases	\$0								\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0								\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0								\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0								\$0	\$0		\$0
11660 Infrastructure Purchases	\$0								\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0								\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0								\$0	\$0		\$0



Board of Commissioners
Housing Authority of the City of Ft. Wayne
Ft. Wayne, Indiana

In planning and performing my audit of the financial statements of Housing Authority of the City of Ft. Wayne as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities 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 Ft. Wayne's internal control. Accordingly, I do not express an opinion on the effectiveness of Housing Authority of the City of Ft. Wayne's internal control.

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

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

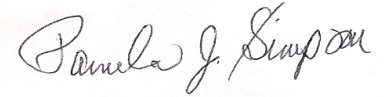
My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies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

1. It was noted that the Housing Authority does not have a current formal policy for the review and write off of old outstanding checks. The Authority should adopt a policy that should indicate procedure for review, approval and frequency of that review and subsequent write off.

2. Adequate internal control policies require two separate sets of procedures for (1) a normal month end close of the general ledger (financial reporting) and (2) the year end closing. At the end of the current fiscal year, the monthly procedures were used and as a result many accounts were found not to reconcile to the subsidiary ledgers or other supporting documentation. Many of these accounts are only adjusted annually, therefore are not addressed in monthly procedures. All written procedures should be complete for the entire fiscal process. Sound internal control policies require accurate, timely statement preparation.
3. At the current time, the Housing Authority uses an investment account as an interfund account. As a result several funds reported negative investments during the year. This investment/interfund account includes federal as well as non-federally funded programs. The Housing Authority must establish separate cash and investment accounts for each program as federal funds cannot be co-mingled with other funds. Transfers among funds to eliminate interfund timing differences should be accounted for in the proper “due to” or “due from” accounts and repaid periodically (preferably at the end of each month).
4. The Housing Authority needs to expand the general ledger accounts to provide for the accounts required with Asset Management and the new HUD chart of accounts as detailed in the HUD/REAC’s most recent financial Crosswalk Guide. These accounts include, but are not limited to, additional insurance expense account, accrued compensated absence expense, contract maintenance accounts and equity accounts.
5. HUD reporting rules require that each program operated by the Housing Authority are reported as individual self balancing accounts. The Housing Authority maintains many of the smaller grant programs combined with other larger programs. During our audit it was noted that the Stimulus Grant, ROSS Grant and the VASH Program were not separated.
6. During the audit and the review of the electronic submission of the unaudited data to REAC, it was noted that the Housing Authority had no depreciation expense recorded. Failure to record depreciation expense on a monthly, periodic basis results in inaccurate and possible materially misstated financial statements.
7. While reviewing the agency’s reporting requirements, it was noted that the unaudited data submitted on the REAC report “Financial Data Schedule” (FDS) did not accurately represent the financial statements of the Housing Authority. The unaudited (as well as audited) submission is to report and mirror the approved financial statements. If the Housing Authority becomes aware of misstatements or errors in accounts, journal entries should be prepared and posted. For example, the FDS reported several interfund payables and receivable accounts, but there were no such accounts recorded on the general ledger.
8. The test of Capital Fund (CFP) contracts indicated that comments were found in the contract files regarding ‘no interviews done before the end of the fiscal year’. A review of interviews completed subsequent to year end , it was noted that interviews uncovered issues with pay rates. Additionally, no payroll sheets were found in files, no indications of verifying correct wages were located and discrepancies in job titles/positions were noted. The Housing Authority did not have adequate documentation in the files related to the investigation or subsequent correction of these issues.

9. During the test of cash disbursements, it was found the elevator maintenance contract has not been bid since before 2000. The procurement policy should be reviewed and new, updated quotes for this service should be obtained. In another instance, it was noted that documentation had not been properly retained for quotes received for landscaping award.
10. While auditing the fixed assets additions and deletions, it was noted that a new automobile was purchased through the city. Adequate documentation was not located as to why no documentation existed explaining why no quotes or bids were received before purchase.
11. The Housing Authority should review HUD's requirements to record Port - in HAP revenues and expenses separately from regular HAP revenues and expenses. Additionally, the amounts reported in the VMS system must be reconciled to the general ledger.

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

A handwritten signature in cursive script, reading "Pamela J. Simpson". The signature is written in dark ink on a light-colored background.

Certified Public Accountant

Decatur, Illinois
April 20, 2010