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April 30, 2015

Board of Directors  
Columbus Housing Authority  
799 McClure Road  
Columbus, IN 47201

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2013 to June 30, 2014. 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 Columbus Housing Authority, as of June 30, 2014 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

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

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**TWELVE MONTHS ENDED JUNE 30, 2014**

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**TABLE OF CONTENTS**

Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>FINANCIAL STATEMENTS</b>	
Statement of Fund Net Position as of June 30, 2014 .....	7
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Twelve Months Ended June 30, 2014 .....	8
Statement of Cash Flows - Twelve Months Ended June 30, 2014 .....	9
Notes to Financial Statements .....	11
<b>SUPPLEMENTAL DATA</b>	
Schedule of Expenditure of Federal Awards .....	23
PHA's Statement and Certification of Actual Modernization Cost - Phase IN36P058501-11 .....	24
Phase IN36P058501-12 .....	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	26
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 ..	28
Status of Prior Audit Findings .....	30
Schedule of Findings and Questioned Costs .....	31
Findings, Recommendations and Replies .....	32
Schedule of Adjusting Journal Entries .....	33
Financial Data Schedule-REAC Electronic Submission .....	34

Independent Auditor's Report

Board of Commissioners  
Columbus Housing Authority  
Columbus, Indiana

I have audited the accompanying financial statements of the Columbus Housing Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively compromise the Columbus Housing Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Columbus Housing Authority, as of June 30, 2014 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

## **Report on Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

## **Report on Supplemental Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbus Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 34 to 38 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

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

## **Report Issued in Accordance with Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated January 14, 2015 on my consideration of the Columbus Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.

Decatur, Illinois  
January 14, 2015



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2014**

As management of the Housing Authority of the City of Columbus ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$7,071,891.
- The Authority's cash and investment balance at June 30, 2014 was \$1,297,980 representing a decrease of \$169,193 from June 30, 2013.
- Department of Housing & Urban Development grants amounting to \$3,051,787 were reported as revenues, a decrease of \$237,936 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis –for State and Local Governments*, Statement No. 37, *Basic Financial Statements-and Managements Discussion and Analysis-For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation No. 6 Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

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

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave).

The basic financial statements can be found on pages 7 to 10 of this report.

**COLUMBUS HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2014**

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 11 to 21 of this report.

**FINANCIAL ANALYSIS OF THE AUTHORITY**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$7,071,891 at the close of the most recent fiscal year.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, furniture, equipment and machinery); less any related debt used to acquire those assets that is still outstanding. The Authority used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Housing Authority of the City of Columbus – Net Position  
June 30, 2014

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Current Assets	\$1,358,197	\$1,526,676	(168,479)
Capital Assets (Net)	\$6,048,325	\$6,221,970	(173,645)
Total Assets	\$7,406,522	\$7,748,646	(342,124)
Deferred Outflows of Resources	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$7,406,522</b>	<b>\$7,748,646</b>	<b>(342,124)</b>
<b>LIABILITIES</b>			
Current Liabilities	\$189,209	\$240,526	(51,317)
Long Term Liabilities	\$145,422	\$155,047	(9,625)
Total Liabilities	\$334,631	\$395,573	(60,942)
Deferred Inflows of Resources	\$0	\$0	\$0
<b>NET POSITION</b>			
Investment Cap Assets	\$6,048,325	\$6,221,970	(173,645)
Unrestricted	\$892,343	\$869,757	22,586
Restricted	\$131,223	\$261,346	(130,123)
Total Net Position	\$7,071,891	\$7,353,073	(281,182)
<b>TOTAL</b>	<b>\$7,406,522</b>	<b>\$7,748,646</b>	<b>(342,124)</b>

**COLUMBUS HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2014**

Housing Authority of the City of Columbus – Changes in Net Position  
For The Year Ended June 30, 2014

<b>OPERATING REVENUE</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Dwelling Rental	\$274,991	\$261,782	13,209
Tenant Revenue - Other	\$32,257	\$ 23,905	8,352
Total Operating Revenue	\$307,248	\$285,687	21,561

<b>OPERATING EXPENSES</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Administration	\$588,025	\$590,820	(2,795)
Tenant Services	\$39,347	\$38,561	786
Utilities	\$70,634	\$61,041	9,593
Ordinary Maintenance & Operations	\$293,030	\$304,983	(11,953)
General	\$141,060	\$148,542	(7,482)
Net Operating Expenses	\$1,132,096	\$1,143,947	(11,851)
Operating Income (Loss)	\$(824,848)	\$(858,260)	33,412

<b>NON-OPERATING INCOME (EXPENSES)</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
HUD Grants	\$3,051,787	\$3,289,723	(237,936)
Interest on Investments	\$300	\$235	65
Other Revenue	\$128,237	\$128,536	(299)
Other Expense	\$(2,636,658)	\$(2,994,994)	358,336
Net Non-Operating Income	\$543,666	\$423,500	120,166

<b>NET POSITION</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Beginning of Year	\$7,353,073	\$7,787,600	(434,527)
Prior Period Adjustments	\$0	\$233	(233)
End of Year	\$7,071,891	\$7,353,073	(281,182)

**BUDGETS**

The Authority is required by contractual agreements to adopt annual, appropriated budgets for funds receiving federal expenditure awards. All budgets are prepared on a basis prescribed by HUD which is materially consistent with generally accepted accounting principles. All annual appropriations lapse at year-end.

**COLUMBUS HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

<b>CAPITAL ASSETS</b>	<b>2014</b>	<b>2013</b>
Land	\$3,360,190	\$3,360,190
Buildings	\$6,430,253	\$6,326,983
Furniture, Equipment & Machinery		
Dwellings	\$113,272	\$116,272
Administrative	\$166,638	\$171,325
Leasehold Improvements	\$0	\$36,570
Construction in Progress	\$38,125	\$54,465
Less Accumulated Depreciation	\$(4,060,153)	(\$3,843,835)
Net Capital Assets	\$6,048,325	\$6,221,970

**FUTURE EVENTS (NEW BUSINESS)**

Additionally, the Authority plans on using capital funds to make misc. renovations to our properties and buildings. These budgeted amounts total \$71,180.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Authority received \$326,447 in operating subsidy for fiscal year end June 30, 2014. We have not been notified as to our subsidy eligibility for fiscal year end June 30, 2015 but estimate we will receive approximately \$293,802 in operating subsidy for fiscal year end June 30, 2015. The Authority budgeted \$120,000 in operations (1406 Operations) from the FFY 2014 capital funds and budgeted \$120,000 in operations (1406 Operations) from the FFY 2015 capital funds.

The Authority received \$23,144 less in operating subsidy from HA fiscal year 2014 than in 2013. In the Low Rent program the Authority closed out FYE June 30, 2014 with a \$37,623 gain which includes both Low Rent and CFP , exclusive of prior year adjustments and depreciation.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Columbus Housing Authority, 799 McClure Road, Columbus, Indiana 47201.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AS OF JUNE 30, 2014**

**ASSETS**

Cash - operating	\$ 1,002,784
Cash - restricted	295,196
Receivables, net	6,605
Prepaid expenses	53,612
Capital assets:	
Land, land improvements and construction in progress	\$ 3,398,315
Other assets, net of depreciation	<u>2,650,010</u>
Net Capital Assets	<u>\$ 6,048,325</u>
Total Assets	<u>\$ 7,406,522</u>

**DEFERRED OUTFLOWS OF RESOURCES**

\$ 0

**TOTAL**

\$ 7,406,522

**LIABILITIES**

Accounts payable	\$ 80,242
Other liabilities	81,383
Unearned revenue	27,584
Noncurrent liabilities:	
Compensated absences	29,217
FSS escrow	<u>116,205</u>
Total Liabilities	<u>\$ 334,631</u>

**DEFERRED INFLOWS OF RESOURCES**

\$ 0

**NET POSITION**

Net investment in capital assets	\$ 6,048,325
Restricted	131,223
Unrestricted	<u>892,343</u>
Total Net Position	<u>\$ 7,071,891</u>
<b>TOTAL</b>	<u><u>\$ 7,406,522</u></u>

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

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED JUNE 30, 2014**

Operating Income

Tenant rental revenue	\$ 274,991
Tenant revenue - other	<u>32,257</u>
 Total Rental Revenue	 <u>\$ 307,248</u>
 HUD operating grants	 3,001,427
Fraud recovery	9,682
Other revenue	118,981
Gain (loss) on sale of capital assets	<u>-426</u>
 Total Operating Income	 <u>\$ 3,436,912</u>

Operating Expenses

Administration	\$ 588,025
Tenant services	39,347
Utilities	70,634
Ordinary maintenance and operation	293,030
General expense	141,060
Extraordinary maintenance	62,801
Housing assistance payments	2,350,278
Depreciation	<u>223,579</u>
 Total Operating Expenses	 <u>\$ 3,768,754</u>
 Net Operating Income (Loss)	 <u>\$ -331,842</u>

Nonoperating Income (Expense)

Interest income	300
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Capital Contributions

Capital funds grants	<u>50,360</u>
 Changes in net position	 \$ -281,182
Net position, beginning of year	<u>7,353,073</u>
 Nets position, end of year	 <u>\$ 7,071,891</u>

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

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED JUNE 30, 2014**

Operating Activities

Operating grants	\$ 2,965,536
Tenant revenue	314,954
Other revenue	128,237
Housing assistance payments	-2,350,278
Payments to employees	-495,938
Payments to suppliers and contractors	<u>-732,430</u>

Net Cash Provided (Used) by Operating Activities \$ -169,919

Investing Activities

Interest income	<u>\$ 300</u>
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Net Cash Provided (Used) by Investing Activities \$ 300

Capital and Related Financing Activities

Capital fund grants	\$ 50,360
(Additions) deletions to fixed assets	<u>-49,934</u>

Total Capital and Related Financing Activities \$ 426

Net Change in Cash \$ -169,193

Cash Balance at June 30, 2013 1,467,173

Cash Balance at June 30, 2014 \$ 1,297,980

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED JUNE 30, 2014**

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	
Net operating income (loss)	\$ -331,842
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	223,579
(Increase) decrease in accounts receivable	4,819
(Increase) decrease in prepaid expense	-5,533
Increase (decrease) in accounts payable	33,948
Increase (decrease) in other liabilities	12,931
Increase (decrease) in unearned revenues	-29,806
Increase (decrease) in FSS escrow	-8,633
Increase (decrease) in deferred inflows	<u>-69,382</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -169,919</u>

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014**

Note 1 - Summary of Significant Accounting Policies

(a) Organization -

The Columbus Housing Authority was established by the City of Columbus 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 Columbus and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, 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 Columbus Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounts 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.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- \* Low Rent Public Housing
- \* Capital Fund Program
- \* Housing Choice Vouchers
- \* Disaster Voucher Program
- \* Supportive Housing for Persons with Disabilities
- \* State and Local
- \* Business Activities

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

*Proprietary Fund Types:*

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Net Investment in Capital Assets, Restricted and Unrestricted.

(e) Cash and Cash Equivalents -

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

(f) Interprogram Receivables and Payables

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

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 2014, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(h) Fixed Assets -

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

If the initial cost of a piece of equipment and/or other personal property is five thousand dollars (\$5,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charges as a capital expenditure.

Land, structures and equipment contains the following:

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

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 - 10	years
Leasehold improvements	10-15	years

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(i) Net Position -

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

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

(j) Income Tax -

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

(k) 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.

- (l) 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.
- (m) 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.
- (n) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (o) Rental income is recognized as rents become due.
- (p) 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.

*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.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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	\$ 452,616	\$ 467,140
Housing Choice Voucher	462,604	464,122
State and Local	118,006	118,383
Business Activities	220,634	220,634
Supportive Housing for Persons with Disabilities	38,198	38,198
Disaster Voucher Program	<u>5,922</u>	<u>5,922</u>
Total	<u>\$ 1,297,980</u>	<u>\$ 1,314,399</u>

Note 3 - Compensated Absences

Each full-time employee is eligible for forty-eight (48) hours sick time during the calendar year, and equivalent of 6 days. Temporary and part-time employees are not eligible for sick leave benefits. During the first year of employment, new employees accrue one-half (1/2) day per month. During the first three (3) month probationary period, days are accrued but may not be taken. Unused sick leave benefits may accumulate from year to year to be used in the event of a longer term illness. However, employees are not paid for unused sick leave benefits.

Annual vacation leave is available to regular full-time employees to use at their discretion and to supplement other paid leave. Vacation leave requires advances supervisory approval. All vacation hours for the coming year are added to the employee's vacation bank on January 1.

The Columbus Housing Authority urges all employees to take their vacation leave each year as earned for the purpose of rest and relaxation; however, if business circumstances prohibit employees from using their vacation time, carryover will be permitted up to a maximum of two weeks or eighty (80) hours with approval by the Executive Director. Vacation pay will be computed based on an employee's regular wage or salary for a comparable work period. Terminating employees who comply with the advance notice requirements when resigning will be paid for vacation leave they have earned but not used.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 4 - Pension Plan

The Housing Authority provides pension benefits for all of its full-time employees through a 401K with AXA Equitable. The plan requires the Housing Authority and the employee to contribute 9% and 1% of covered wages, respectively, however, employees may contribute more. Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. In the current year, the total contributions were \$57,851 related to \$506,971 of covered salaries and wages.

Note 5 - Post-Employment Benefits

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 2,756
Allowance for doubtful accounts - tenants	-243
Fraud recovery	6,636
Allowance for doubtful accounts - fraud	<u>-2,544</u>
Subtotal	\$ 6,605
Interfund	<u>5,026</u>
Total	<u>\$ 11,631</u>

Note 7 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	<u>\$ 53,612</u>
-------------------	------------------

Note 8 - Capital Assets

Balance as of June 30, 2014	\$ 6,048,325
Balance as of June 30, 2013	<u>6,221,970</u>
Net Increase (Decrease)	<u>\$ -173,645</u>

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 8 - Capital Assets (Continued)

Reconciliation

Betterments and additions	\$ 50,360
Disposal of nonexpendable equipment	-426
Current year depreciation expense	<u>-223,579</u> *
Net Increase (Decrease)	<u>\$ -173,645</u>

<u>Analysis</u>	07/01/2013 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	06/30/2014 <u>Balance</u>
Land	\$ 3,360,190	\$ 0	\$ 0	\$ 3,360,190
Buildings	6,326,983	103,270	0	6,430,253
Equipment and furniture	287,597	0	7,687	279,910
Leasehold improvements	36,570	0	36,570	0
Construction in progress	<u>54,465</u>	<u>35,763</u>	<u>52,103</u>	<u>38,125</u>
Total Assets	\$ 10,065,805	\$ 139,033	\$ 96,360	\$ 10,108,478
Accumulated depreciation	<u>-3,843,835</u>	<u>7,261</u>	<u>223,579</u> *	<u>-4,060,153</u>
Net Capital Assets	<u>\$ 6,221,970</u>	<u>\$ 146,294</u>	<u>\$ 319,939</u>	<u>\$ 6,048,325</u>

\*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 5,786
Accounts payable - HUD	33,491
Tenants security deposits	<u>40,965</u>
Subtotal	\$ 80,242
Interfund	<u>5,026</u>
Total	<u>\$ 85,268</u>

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 10 - Notes Payable

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

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

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

Note 11 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$	15,960
Compensated absences		40,428
Payment in lieu of taxes		21,216
Utilities payable		<u>3,779</u>
Total Current Portion	\$	81,383

Noncurrent Portion:

Compensated absences		<u>29,217</u>
Total	\$	<u><u>110,600</u></u>

Note 12 - Summary of Long Term Liabilities

A summary of long term liabilities as of June 30, 2014:

	07/01/2013		06/30/2014
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>
			<u>Balance</u>
FSS escrow	\$ 124,838	\$ 0	\$ 116,205
Compensated absences	<u>30,209</u>	<u>0</u>	<u>29,217</u>
Total	<u>\$ 155,047</u>	<u>\$ 0</u>	<u>\$ 145,422</u>

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 13 - Unearned Revenue

This classification consists of the following accounts:

Prepaid rents	\$ 6,803
Other deferred revenue	<u>20,781</u>
Total	<u>\$ 27,584</u>

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 administrative fee is determined by HUD on an annual basis.

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 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 - Contracts/Commitments

As of June 30, 2014, the Housing Authority had entered into the following pending construction projects in progress:

	Funds <u>Approved</u>	Funds Expended <u>To Date</u>
CFP 501-13	\$ 192,013	\$ 121,050
CFP 501-14	<u>191,180</u>	<u>0</u>
Total	<u>\$ 383,193</u>	<u>\$ 121,050</u>

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(CONTINUED)**

Note 18 - 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 19 - Economic Dependency

The Housing Authority received most of its revenue (88%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 20 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	\$ 10,050
Modernization and development	<u>121,173</u>
Total	<u><u>\$ 131,223</u></u>

## **SUPPLEMENTAL DATA**

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014**

<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:						
Public and Indian Housing*	14.850a	C-2065	FYE 06/30/14	\$ 326,447	\$ 326,447	\$ 326,447
Housing Choice Voucher Program*	14.871	C-058VO	FYE 06/30/14	\$ 2,185,268	\$ 2,185,268	\$ 2,185,268
Public Housing Capital Funds	14.872	C-2065	FYE 06/30/14	\$ 575,789	\$ 170,361	\$ 170,361
Supportive Housing for Persons with Disabilities	14.181	C-2065	FYE 06/30/14	\$ 369,711	\$ 369,711	\$ 369,711
Disaster Voucher Program	14.DVP	C-058	FYE 06/30/14	\$ 0	\$ 0	\$ 0
Total Housing Assistance				<u>\$ 3,457,215</u>	<u>\$ 3,051,787</u>	<u>\$ 3,051,787</u>

\*Denotes major program.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PHASE IN36P058501-11**

1. The Actual Modernization Costs of Phase IN36P058501-11 are as follows:

Funds approved	\$ 206,701
Funds expended	<u>206,701</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 206,701
Funds expended	<u>206,701</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 4, 2014, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PHASE IN36P058501-12**

1. The Actual Modernization Costs of Phase IN36P058501-12 are as follows:

Funds approved	\$ 177,075
Funds expended	<u>177,075</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 177,075
Funds expended	<u>177,075</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated June 2, 2014, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.



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

Board of Commissioners  
Columbus Housing Authority  
Columbus, Indiana

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Columbus Housing Authority, which comprise the statement of net position as of June 30, 2014, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Columbus Housing Authority's basic financial statements and have issued my report thereon dated January 14, 2015.

**Internal Control Over Financial Reporting**

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

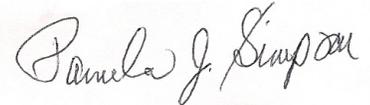
As part of obtaining reasonable assurance about whether the Columbus Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Columbus Housing Authority in a separate letter dated January 14, 2015.

**Purpose of this Report**

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

Decatur, Illinois  
January 14, 2015



Certified Public Accountant

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

Board of Commissioners  
Columbus Housing Authority  
Columbus, Indiana

**Report on Compliance for Each Major Program**

I have audited the Columbus Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Columbus Housing Authority's major federal programs for the year ended June 30, 2014. The Columbus Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Program**

In my opinion, the Columbus Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Other Matters**

The results of my auditing procedures also disclosed no material instances of noncompliance which are to be reported in accordance with *OMB Circular A-133*. My opinion is not modified with respect to this matter.

I noted certain matters that I reported to the management of the Columbus Housing Authority in a separate letter dated January 14, 2015.

## **Report on Internal Control Over Compliance**

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

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

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

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

Decatur, Illinois  
January 14, 2015



Certified Public Accountant

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2013 contained no findings.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report: Unqualified

\* Material weakness(es) identified? \_\_\_\_\_ yes X\_\_\_\_\_ no

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes X\_\_\_\_\_ no

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified? \_\_\_\_\_ yes X\_\_\_\_\_ no

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850a	Public and Indian Housing
14.871	Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? X\_\_\_\_\_ yes \_\_\_\_\_ no

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**FINDINGS, RECOMMENDATIONS AND REPLIES**

**Section II - Financial Statement Audit Findings**

There were no financial statement audit findings discussed with Deborah Holt, Executive Director or Don Wood, Director of Finance and other members of management during the course of the audit and at an exit conference held January 14, 2015.

**Section III - Federal Award Audit Findings**

There were no federal award audit findings discussed with Deborah Holt, Executive Director or Don Wood, Director of Finance and other members of management during the course of the audit and at an exit conference held January 14, 2015.

**COLUMBUS HOUSING AUTHORITY  
COLUMBUS, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
JUNE 30, 2014**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Compensated absence expense	4590	\$ 20,175.64		2810.512
Administration salary	4110		\$ 10,316.07	2810.512
CFP admin salary	4110.10		4,309.41	2810.512
Maintenance labor	4410		5,550.16	2810.512
(To adjust compensated absence expense to PHA's calculation)				
<u>Voucher</u>				
(1)				
A/R - fraud recovery	1121	\$ 2,544.49		1121
Bad debt expense - admin	4591		\$ 1,272.25	2810.002
Bad debt expense - HAP	4592		1,272.24	2810.001
(To adjust receivable to actual per detail list - accounts written off in error)				
(2)				
Accrued comp absence - ST	2134.01	\$ 1,546.78		2134.01
Accrued comp absence - LT	2134.02	1,664.33		2134.02
Compensated absence expense	4593		\$ 3,211.11	2810.002
(To adjust liability to actual - recorded at incorrect rate @ 06/30/2014)				
(3)				
Compensated absence expense	4593	\$ 12,205.14		2810.002
Administration salaries	4110		\$ 12,205.14	2810.002
(To adjust compensated absence to PHA's calculation)				

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14,DVP Disaster Voucher Program	14,181 Supportive Housing for Persons with Disabilities	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$266,080	\$353,944	\$5,922	\$8,198	\$118,006	\$220,634	\$1,002,784		\$1,002,784
112 Cash - Restricted - Modernization and Development	\$121,173						\$121,173		\$121,173
113 Cash - Other Restricted	\$17,995	\$108,660					\$126,255		\$126,255
114 Cash - Tenant Security Deposits	\$40,965						\$40,965		\$40,965
115 Cash - Restricted for Payment of Current Liabilities	\$6,803						\$6,803		\$6,803
100 Total Cash	\$492,016	\$462,604	\$5,922	\$8,198	\$118,006	\$220,634	\$1,297,990	\$0	\$1,297,990
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government	\$0						\$0		\$0
125 Accounts Receivable - Miscellaneous	\$2,756						\$2,756		\$2,756
126 Accounts Receivable - Tenants	-\$243						-\$243		-\$243
126.1 Allowance for Doubtful Accounts - Tenants	\$0						\$0		\$0
126.2 Allowance for Doubtful Accounts - Other									
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	\$6,636						\$6,636		\$6,636
128.1 Allowance for Doubtful Accounts - Fraud	-\$2,544						-\$2,544		-\$2,544
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,513	\$4,092	\$0	\$0	\$0	\$0	\$6,605	\$0	\$6,605
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability	\$49,585	\$4,027					\$53,612		\$53,612
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	\$5,026						\$5,026	-\$5,026	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$509,740	\$470,723	\$5,922	\$8,198	\$118,006	\$220,634	\$1,363,223	-\$5,026	\$1,358,197
161 Land	\$3,360,190						\$3,360,190		\$3,360,190
162 Buildings	\$6,343,357	\$86,896					\$6,430,253		\$6,430,253
163 Furniture, Equipment & Machinery - Dwellings	\$113,272						\$113,272		\$113,272
164 Furniture, Equipment & Machinery - Administration	\$95,037	\$71,601					\$166,638		\$166,638
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$3,966,257	-\$93,886					-\$4,060,153		-\$4,060,153
167 Construction in Progress	\$38,125						\$38,125		\$38,125
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,983,724	\$64,601	\$0	\$0	\$0	\$0	\$6,048,325	\$0	\$6,048,325
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	\$5,983,724	\$64,601	\$0	\$0	\$0	\$0	\$6,048,325	\$0	\$6,048,325
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$6,493,464	\$535,324	\$5,922	\$8,198	\$118,006	\$220,634	\$7,411,548	-\$5,026	\$7,406,522

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14,DVP Disaster Voucher Program	14,181 Supportive Housing for Persons with Disabilities	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$4,707	\$1,079					\$5,786		\$5,786
313 Accounts Payable -90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$8,470	\$7,490					\$15,960		\$15,960
322 Accrued Compensated Absences - Current Portion	\$22,900	\$7,928					\$40,428		\$40,428
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs			\$5,922	\$27,569			\$33,491		\$33,491
332 Account Payable - PHA Projects	\$21,216						\$21,216		\$21,216
333 Accounts Payable - Other Government	\$40,965						\$40,965		\$40,965
341 Tenant Security Deposits	\$27,584						\$27,584		\$27,584
342 Unearned Revenue									
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other	\$3,779						\$3,779		\$3,779
347 Inter Program - Due To	\$5,026						\$5,026	-\$5,026	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$129,221	\$31,523	\$5,922	\$27,569	\$0	\$0	\$194,235	-\$5,026	\$189,209
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$7,995	\$98,610					\$116,205		\$116,205
354 Accrued Compensated Absences - Non Current	\$18,996	\$10,221					\$29,217		\$29,217
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$36,991	\$108,831	\$0	\$0	\$0	\$0	\$145,422	\$0	\$145,422
300 Total Liabilities	\$165,812	\$140,354	\$5,922	\$27,569	\$0	\$0	\$339,657	-\$5,026	\$334,631
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$5,993,724	\$64,601	\$0	\$0	\$0	\$0	\$6,048,325		\$6,048,325
511.4 Restricted Net Position	\$121,173	\$10,050	\$0	\$0	\$0	\$0	\$131,223		\$131,223
512.4 Unrestricted Net Position	\$222,795	\$320,319	\$0	\$10,629	\$18,006	\$220,634	\$892,343		\$892,343
513 Total Equity - Net Assets / Position	\$6,327,652	\$394,970	\$0	\$10,629	\$18,006	\$220,634	\$7,071,891	\$0	\$7,071,891
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,493,464	\$535,324	\$5,922	\$38,198	\$18,006	\$220,634	\$7,411,548	-\$5,026	\$7,406,522

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14, DVP Disaster Voucher Program	14,181 Supportive Housing for Persons with Disabilities	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
7000 Net Tenant Rental Revenue	\$274,991						\$274,991		\$274,991
7000 Tenant Revenue - Other	\$32,257						\$32,257		\$32,257
7050 Total Tenant Revenue	\$307,248	\$0	\$0	\$0	\$0	\$0	\$307,248	\$0	\$307,248
7060 HUD PHA Operating Grants	\$446,448	\$2,165,268		\$369,711			\$3,001,427		\$3,001,427
70610 Capital Grants	\$50,360						\$50,360		\$50,360
7070 Management Fee									
7070 Asset Management Fee									
7070 Book Keeping Fee									
7070 Front Line Services Fee									
7070 Other Fees									
7070 Total Fee Revenue							\$0	\$0	\$0
7000 Other Government Grants									
7100 Investment Income - Unrestricted	\$138	\$111			\$12	\$22	\$283		\$283
7120 Mortgage Interest Income									
7130 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	\$9,682						\$9,682		\$9,682
71500 Other Revenue	\$72,228	\$19,281			\$6,403	\$21,063	\$118,981		\$118,981
71600 Gain or Loss on Sale of Capital Assets	-\$426						-\$426		-\$426
7200 Investment Income - Restricted	\$17						\$17		\$17
7000 Total Revenue	\$876,013	\$2,214,342	\$0	\$369,711	\$6,421	\$21,086	\$3,487,572	\$0	\$3,487,572
9100 Administrative Salaries	\$192,493	\$137,020		\$23,854			\$353,367		\$353,367
91200 Auditing Fees	\$2,260	\$3,500		\$2,500			\$8,260		\$8,260
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing	\$65	\$13					\$68		\$68
91500 Employee Benefit Contributions - Administrative	\$69,673	\$70,565		\$9,282			\$149,520		\$149,520
91500 Office Expenses	\$18,431	\$4,823		\$14,143			\$37,397		\$37,397
91700 Legal Expense	\$130	\$1,250					\$1,380		\$1,380
91800 Travel	\$55						\$55		\$55
91810 Allocated Overhead									
91900 Other	\$15,256	\$15,962			\$2,647	\$4,123	\$37,978		\$37,978
91000 Total Operating - Administrative	\$298,353	\$233,123	\$0	\$49,779	\$2,647	\$4,123	\$588,025	\$0	\$588,025
92000 Asset Management Fee									
92100 Tenant Services - Salaries		\$33,560					\$33,560		\$33,560
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services		\$5,797					\$5,797		\$5,797
92400 Tenant Services - Other									
92500 Total Tenant Services	\$0	\$39,347	\$0	\$0	\$0	\$0	\$39,347	\$0	\$39,347

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14, DVP Disaster Voucher Program	14, 181 Supportive Housing for Persons with Disabilities	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
93100 Water	\$7,866	\$312					\$8,198		\$8,198
93200 Electricity	\$57,660	\$1,962					\$59,622		\$59,622
93300 Gas	\$2,202	\$612					\$2,814		\$2,814
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93900 Total Utilities	\$67,748	\$2,886	\$0	\$0	\$0	\$0	\$70,634	\$0	\$70,634
94100 Ordinary Maintenance and Operations - Labor	\$84,320						\$84,320		\$84,320
94200 Ordinary Maintenance and Operations - Materials and Other	\$53,381	\$1,920				\$211	\$55,512		\$55,512
94300 Ordinary Maintenance and Operations Contracts	\$113,007	\$81					\$113,088		\$113,088
94500 Employee Benefit Contributions - Ordinary Maintenance	\$40,110						\$40,110		\$40,110
94000 Total Maintenance	\$290,818	\$2,001	\$0	\$0	\$0	\$211	\$293,030	\$0	\$293,030
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$27,612						\$27,612		\$27,612
96120 Liability Insurance	\$20,799						\$20,799		\$20,799
96130 Workmen's Compensation	\$4,560	\$3,730					\$8,290		\$8,290
96140 All Other Insurance	\$9,012	\$4,717					\$13,729		\$13,729
96100 Total Insurance Premiums	\$61,983	\$8,447	\$0	\$0	\$0	\$0	\$70,430	\$0	\$70,430
96200 Other General Expenses		\$456					\$456		\$456
96210 Compensated Absences	\$24,318	\$11,416					\$35,734		\$35,734
96300 Payments in Lieu of Taxes	\$21,216						\$21,216		\$21,216
96400 Bad debt - Tenant Rents	\$11,163	\$2,071					\$13,234		\$13,234
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96900 Severance Expense									
96000 Total Other General Expenses	\$66,687	\$13,943	\$0	\$0	\$0	\$0	\$70,630	\$0	\$70,630
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$775,689	\$299,747	\$0	\$49,779	\$2,647	\$4,334	\$1,132,096	\$0	\$1,132,096
97000 Excess of Operating Revenue over Operating Expenses	\$100,424	\$1,914,695	\$0	\$318,832	\$3,774	\$16,751	\$2,355,476	\$0	\$2,355,476

Columbus Housing Authority (IN058)  
COLUMBUS, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14, DVP Disaster Voucher Program	14,181 Supportive Housing for Persons with Disabilities	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
9700 Extraordinary Maintenance	\$62,801						\$62,801		\$62,801
9700 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments	\$2,051,816			\$310,264			\$2,342,080		\$2,342,080
97350 HAP Portability-in	\$8,198						\$8,198		\$8,198
97400 Depreciation Expense	\$213,188	\$10,391					\$223,579		\$223,579
97500 Fraud Losses									
97500 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense	\$1,051,578	\$2,350,152	\$0	\$360,043	\$2,647	\$4,334	\$3,768,754	\$0	\$3,768,754
90000 Total Expenses	\$120,001						\$120,001	-\$120,001	\$0
10010 Operating Transfer In	-\$120,001						-\$120,001	\$120,001	\$0
10020 Operating Transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$175,565	-\$135,910	\$0	\$5,668	\$3,774	\$16,751	-\$281,182	\$0	-\$281,182
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,503,217	\$530,780	\$0	\$951	\$114,232	\$203,883	\$7,353,073		\$7,353,073
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0						\$0		\$0
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	\$384,920						\$384,920		\$384,920
11180 Housing Assistance Payments Equity	\$10,050						\$10,050		\$10,050
11190 Unit Months Available	1865	6345	0	900	0	0	9110		9110
11210 Number of Unit Months Leased	1843	6338	0	900	0	0	9081		9081
11270 Excess Cash	\$127,534						\$127,534		\$127,534
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$50,360						\$50,360		\$50,360
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13801 Replacement Housing Factor Funds	\$0						\$0		\$0



Board of Commissioners  
Columbus Housing Authority  
Columbus, Indiana

In planning and performing my audit of the financial statements of Columbus Housing Authority as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbus Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Columbus Housing Authority's internal control.

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

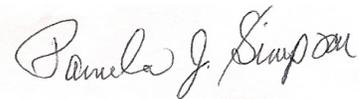
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the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

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

1. While reviewing the depreciation schedule, it was noted that assets that have been sold or disposed, are noted on the schedule as both "positive" and "negative" numbers. The positive number continues to be depreciated, thus inflating the expense and misstating the gain or loss on the disposal. Once an asset is disposed of, the cost of the asset and the related accumulated depreciation needs to be removed from the schedule. Also, any obsolete items should be removed from the schedule as well as items under \$5,000 capitalization policy.
2. During the test of fourteen (14) Voucher tenant files, the following observations were made (a) justifications for rent increases were not always located in files, (b) some social security income was miscalculated when calculating anticipated income and (c) medical expense detail was not retained in the file to determine that amounts were properly anticipated. The intake personnel should review all Administrative Plan guidelines to determine that HAP assistance is properly calculated.

3. Sound accounting practices require that the Housing Authority adopt a policy regarding the classification of cash and cash equivalents vs. investments. Generally accepted accounting procedures allow investments with a maturity date of six months or less at the time of purchase to be classified as cash equivalents (as opposed to investments) in your financial statements. The housing authority has not adopted a formal policy at this time, therefore, I recommend that the agency adopt a policy that coincides with their current practice.
4. The year end financials and the year end financial report submitted to REAC did not properly account for the accrued compensated absence expense. Per the HUD Financial Data Schedule Line Definition Guide, the Housing Authorities should report amounts expensed for vacation and sick leave as a separate line item (FDS line 96100) . The Housing Authority should provide the number of hours earned in a year for all employees to the fee accountant so compensated absence expense can be calculated and properly reported.
5. While reviewing the year end VMS submission, I noted that the Net Restricted Position and the Unrestricted Net Position (NRP and UNP) had not been properly recorded to reflect the year end balances recorded in the financial statements. These balances should be corrected for year end closing entries and audit adjustments.
6. During the test of Public Housing files, I noted that many annual re-certifications were using carried income amounts from prior re-certifications. Annual recertification must be updated (and supported) to reflect current information. Additionally some income amounts listed were being taken from personal declarations and not being verified by a third party. Per the Housing authority's ACOP, this is not an acceptable method of verification.

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



Certified Public Accountant

Decatur, Illinois  
January 14, 2015