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April 30, 2015

Board of Directors  
Housing Authority of the City of Crawfordsville  
220 E. Main Street  
Crawfordsville, IN 47933

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 Housing Authority of the City of Crawfordsville, 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.

We call your attention to Section III Federal Award Finding 2014-1, Incomplete Section 8 Participant Files in the report on page 31 in the Current Findings and Recommendations. This finding reports a significant deficiency and material weakness in the eligibility compliance requirement and is reported in the Independent Auditor's 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. Your response is included in the Finding.

This finding first appeared in the audit report for the period ending June 30, 2010 and remains an unresolved issue.

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

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

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

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**TWELVE MONTHS ENDED JUNE 30, 2014**

**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE  
CRAWFORDSVILLE, 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 .....	9
Statement of Revenues, Expenses and Changes in Net Fund Position - Proprietary Funds - Twelve Months Ended June 30, 2014 .....	10
Statement of Cash Flows - Twelve Months Ended June 30, 2014 .....	11
Notes to Financial Statements .....	13
<b>SUPPLEMENTAL DATA</b>	
Schedule of Expenditure of Federal Awards .....	24
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 .....	25
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 ..	27
Schedule of Findings and Questioned Costs - Summary .....	29
Status of Prior Audit Findings .....	30
Current Findings, Recommendations and Replies .....	31
Schedule of Adjusting Journal Entries .....	32
Financial Data Schedule - REAC Electronic Submission .....	33



## **Independent Auditor's Report**

Board of Directors  
Housing Authority of the City of Crawfordsville  
Crawfordsville, Indiana

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

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Housing Authority of the City of Crawfordsville, 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 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

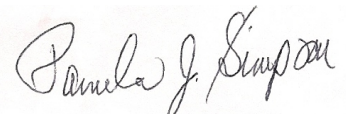
## **Report on Supplemental Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Crawfordsville'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 33 to 37 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 30, 2015 on my consideration of the Housing Authority of the City of Crawfordsville'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.



Certified Public Accountant

Decatur, Illinois  
January 30, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

This section of the Housing Authority of the City of Crawfordsville, Indiana (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**FINANCIAL HIGHLIGHTS**

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2014 were \$421,160. The net position decreased by \$14,996, a decrease of 3.4% from the prior year.
- Revenues for the Authority were \$2,277,102 for the year ended June 30, 2014. This was an increase of \$23,652 or 1.0% over the prior year.
- Expenses for the Authority were \$2,292,140 for the year ended June 30, 2014. This was a decrease of \$7,757 or 0.3% from the prior year.
- Rental revenue for the Authority was \$5,520 for the year ended June 30, 2014, a decrease of \$240 or 4.2% from FY 2013. HUD operating grants for the Authority was \$2,240,499 for the year ended June 30, 2014, an increase of \$9,499 or 0.4% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Required Financial Statements*

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and obligations of the Authority creditors (liabilities and deferred inflows of resources). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

*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 and provide more detailed data.

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Data*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2014 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$421,160 at the close of the year ended June 30, 2014 down from \$436,156 in fiscal year 2013. The decrease in net position of \$14,996 was due to the reasons noted below.

- Current assets include cash, investments, receivables, and prepaid expenses. Of the \$7,115 decrease in this category, cash and investments decreased \$13,392, receivables increased \$5,962, and prepaid expenses increased \$315.
- Restricted assets consist of cash and investments and increased \$9,891 from FY 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

**FINANCIAL ANALYSIS (CONTINUED)**

- Capital assets decreased \$6,222 because current year depreciation exceeded capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities increased \$12,002 from FY 2013.
- Noncurrent liabilities decreased \$452 due to a \$307 increase in noncurrent portion of accrued compensated absences and a \$759 decrease in FSS escrow payable.

The unrestricted net position were \$100,519 as of June 30, 2014. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for five months. The restricted net position were \$195,852 as of June 30, 2014. This amount is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET POSITION**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 135,915	\$ 143,030	\$ (7,115)	-5.0%
Restricted assets	196,736	186,845	9,891	5.3%
Capital assets	<u>124,789</u>	<u>131,011</u>	<u>(6,222)</u>	-4.7%
Total Assets	<u>457,440</u>	<u>460,886</u>	<u>(3,446)</u>	-0.7%
Deferred outflows of resources	-	-	-	#DIV/0!
Total	<u>457,440</u>	<u>460,886</u>	<u>(3,446)</u>	-0.7%
Current liabilities	33,606	21,604	12,002	55.6%
Noncurrent liabilities	<u>2,674</u>	<u>3,126</u>	<u>(452)</u>	-14.5%
Total Liabilities	<u>36,280</u>	<u>24,730</u>	<u>11,550</u>	46.7%
Deferred inflows of resources	-	-	-	#DIV/0!
Net Position				
Net investment in capital assets	124,789	131,011	(6,222)	-4.7%
Restricted	195,852	185,202	10,650	5.8%
Unrestricted	<u>100,519</u>	<u>119,943</u>	<u>(19,424)</u>	-16.2%
Total Net Position	<u>421,160</u>	<u>436,156</u>	<u>(14,996)</u>	-3.4%
Total	<u>\$ 457,440</u>	<u>\$ 460,886</u>	<u>\$ (3,446)</u>	-0.7%



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

**FINANCIAL ANALYSIS (CONTINUED)**

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 5,520	\$ 5,760	\$ (240)	-4.2%
HUD PHA operating grants	2,240,499	2,231,000	9,499	0.4%
Other income	29,591	18,178	11,413	62.8%
Investment income	1,568	653	915	140.1%
Gain (loss) on sale of fixed assets	(76)	(2,141)	2,065	96.5%
Total Revenues	<u>2,277,102</u>	<u>2,253,450</u>	<u>23,652</u>	1.0%
<b>Expenses</b>				
Administration	229,970	221,984	7,986	3.6%
Utilities	364	357	7	2.0%
Ordinary maintenance & operation	6,833	2,468	4,365	176.9%
General expense and fraud loss	24,973	11,048	13,925	126.0%
Depreciation	6,787	6,076	711	11.7%
Housing assistance payments	2,023,213	2,057,964	(34,751)	-1.7%
Total Expenses	<u>2,292,140</u>	<u>2,299,897</u>	<u>(7,757)</u>	-0.3%
Excess (deficiency) before prior period adjustments	(15,038)	(46,447)	31,409	
Prior period adjustments	42	(1,074)	1,116	
Change in net position	<u>(14,996)</u>	<u>(47,521)</u>	<u>32,525</u>	
Beginning net position	436,156	483,677	(47,521)	
Ending net position	<u>\$ 421,160</u>	<u>\$ 436,156</u>	<u>\$ (14,996)</u>	

As can be seen in the table above, total revenues increased \$23,652 due to the reasons noted below.

- Rental revenue decreased \$240 or 4.2% from FY 2013.
- Of the \$9,499 increase in HUD operating grants, housing choice voucher program assistance received from HUD increased \$12,566 and program assistance for supportive housing for persons with disabilities decreased \$3,067.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

**FINANCIAL ANALYSIS (CONTINUED)**

- Other income increased \$11,413 or 62.8% from FY 2013.
- Investment income increased \$915 from FY 2013.
- The Authority had a loss on disposal of fixed assets of \$76 in FY 2014 and a loss on disposal of fixed assets of \$2,141 in FY 2013.

Total expenses decreased \$7,757 due to the reasons noted below.

- Administration increased \$7,986 or 3.6% from FY 2013 primarily due to an increase in administrative wages of \$5,348 or 4.8% and an increase in administrative employee benefits of \$5,662 or 13.7%. This was partially offset by a decrease in office and other administrative expenses of \$2,928 or 4.5%.
- Utilities increased \$7 or 2.0% from FY 2013.
- Ordinary maintenance and operation increased \$4,365 or 176.9% due to an increase in maintenance materials of \$86 and an increase in contracted maintenance services of \$4,279.
- General expense increased \$13,925 or 126.0% mainly due to an increase in fraud losses of \$11,831.
- The Authority had a \$711 or 11.7% increase in depreciation, which is the write-off of capital assets over their estimated useful life.
- Housing assistance payments decreased \$34,751 or 1.7% due to a decrease in average housing assistance payment per unit of \$5.79 or 1.7%.

The Authority is authorized to assist 477 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for fiscal year ended June 30, 2014 was 99.4%, down slightly from 99.6% in FY 2013.

The Authority is authorized to assist 20 households with the Supportive Housing for Persons with Disabilities Program. The lease-up rate for fiscal year ended June 30, 2014 was 98.8%, down slightly from 99.2% in FY 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2014**

**CAPITAL ASSETS**

The Housing Authority of the City of Crawfordsville, Indiana's net investment in capital assets as of June 30, 2014 amounts to \$124,789. The investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation and related debt.

*Capital Assets* – The total decrease in the Authority's capital assets for the current fiscal year was 4.7% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$641 for the year. Depreciation charges for the year totaled \$6,787. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$131,011	\$641	\$(6,787)	\$(76)	\$124,789

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

The Authority is eligible to receive \$1,482,679 for housing assistance payments for the months of July 2014 through March 2015 in the Housing Choice Voucher Program. The Authority also has \$195,852 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$340.85 for FY 2014, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July 2014 through March 2015. HUD has not established funding levels for the remaining three months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2015 and adjusted for pro-ratio which is estimated 75%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Executive Director, Housing Authority of the City of Crawfordsville, 220 East Main Street, P.O. Box 421, Crawfordsville, Indiana 47933.

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

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

**ASSETS**

Cash - operating	\$ 104,814
Cash - restricted	196,736
Receivables, net	23,010
Prepaid expenses	8,091
Capital assets:	
Land, land improvements and construction in progress	\$ 22,000
Other net assets, net of depreciation	<u>102,789</u>
Net Capital Assets	\$ <u>124,789</u>
Total Assets	\$ <u>457,440</u>

**DEFERRED OUTFLOWS OF RESOURCES** \$ 0

**TOTAL** \$ 457,440

**LIABILITIES**

Accounts payable	\$ 26,750
Other liabilities	6,856
Noncurrent liabilities:	
Compensated absences	2,233
FSS escrow	<u>441</u>
Total Liabilities	\$ <u>36,280</u>

**DEFERRED INFLOWS OF RESOURCES** \$ 0

**NET POSITION**

Net investment in capital assets	\$ 124,789
Restricted	195,852
Unrestricted	<u>100,519</u>
Total Net Position	\$ <u>421,160</u>

**TOTAL** \$ 457,440

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

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

Operating Income

Tenant rental revenue	\$ <u>5,520</u>
Total Rental Income	\$ 5,520
HUD PHA operating grants	2,240,499
Fraud recovery	26,063
Other revenue	3,528
Gain/loss on sale of capital assets	<u>-76</u>
Total Operating Income	\$ <u>2,275,534</u>

Operating Expenses

Administration	\$ 229,970
Utilities	364
Ordinary maintenance	6,833
General expense and fraud recovery	24,973
Housing assistance payments	2,023,213
Depreciation	<u>6,787</u>
Total Operating Expenses	\$ <u>2,292,140</u>
Net Operating Income (Loss)	\$ <u>-16,606</u>

Nonoperating Income (Expense)

Interest income	\$ <u>1,568</u>
Total Nonoperating Income (Expense)	\$ <u>1,568</u>
Changes in net position	\$ -15,038
Net position, beginning of year	436,156
Prior period adjustments	<u>42</u>
Net position, end of year	\$ <u><u>421,160</u></u>

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

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

Operating Activities

Operating grants	\$ 2,238,226
Tenant revenue	5,520
Other revenue	29,515
Housing assistance payments	-2,023,213
Payments to employees	-124,218
Payments to suppliers and contractors	<u>-130,405</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -4,575</u>

Investing Activities

Investments (purchased) redeemed	\$ 201,783
Interest income	<u>1,639</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 203,422</u>

Capital and Related Financing Activities

(Additions) deletions to fixed assets	<u>\$ -565</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -565</u>
Net Change in Cash	\$ 198,282
Cash Balance at June 30, 2013	<u>103,268</u>
Cash Balance at June 30, 2014	<u><u>\$ 301,550</u></u>

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

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

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

Net operating income (loss)	\$ -16,606
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	6,787
Adjustments to net position	42
(Increase) decrease in accounts receivable	-6,384
(Increase) decrease in prepaid expenses	-315
(Increase) decrease in deferred outflows	351
Increase (decrease) in accounts payable	22,246
Increase (decrease) in other liabilities	1,694
Increase (decrease) in FSS escrow	-759
Increase (decrease) in deferred inflows	<u>-11,631</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -4,575</u>

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

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Crawfordsville was established by the City of Crawfordsville 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 Crawfordsville 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 Crawfordsville is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

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

The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.



**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE  
CRAWFORDSVILLE, 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:

- \* Housing Choice Vouchers
- \* Mainstream Vouchers
- \* 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 policy of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

(f) Interprogram Receivables and Payables

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

(g) Investments -

Investments are stated at cost which approximates market.

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

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

Note 1 - Summary of Significant Accounting Policies

(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 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) nonexpendable equipment, and
- 2) property betterments and additions
- 3) improvements.

<u>Category of Assets</u>	<u>Estimated Life</u>
Building	10 - 40 Years
Furniture and equipment	5 - 10 Years

(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.

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

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

Note 1 - Summary of Significant Accounting Policies

(k) Annual Contributions/Subsidies and Other Grants

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

Other 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 on an accrual basis 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. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

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

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 CRAWFORDSVILLE  
CRAWFORDSVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED JUNE 30, 2014  
(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>
Voucher	\$ 282,969	\$ 301,565
Business Activities	<u>18,581</u>	<u>18,581</u>
Total	<u>\$ 301,550</u>	<u>\$ 320,146</u>

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

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

Note 3 - Compensated Absences

Vacation Leave

All regular full-time employees shall receive a vacation according to the following schedule:

<u>Length of Employment</u>	<u>Vacation Earned Annually</u>	<u>Actual Rate (per months of service)</u>
Probationary period	0 working days	.00 days
3 months - 4 years	10 working days	.83 days
5 years - 9 years	15 working days	1.25 days
10 -14 years	20 working days	1.67 days
15 or above	25 working days	2.08 days

Length of vacation is determined by employment anniversary date. Vacation leave will not accumulate from year to year.

The Director shall be exempt from the above vacation policy. The Board shall establish the amount of vacation time to be granted to the aforementioned position on an annual basis as a part of the annual salary package.

Cash Payment in Lieu of Unused Leave

An employee who resigns or retires with appropriate notice or is involuntarily terminated, will be paid for any earned vacation days.

Note 4 - Defined Contribution Plan

The Housing Authority established a Simplified Employee Pension Plan (SEP) and makes contributions in the amount of 15% for employees. Employees who are at least 21 years old and worked in at least 3 years of the last 5 and making more than \$200 in compensation are eligible for the contribution. In the current year the Housing Authority made \$16,626 of contributions on behalf of the employees. Total annual payroll expense was \$125,912.

Note 5 - Post-Employment Benefits

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

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

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - HUD other projects	\$ 10,064
Fraud recovery	14,481
Allowance for fraud recovery	<u>-1,535</u>
Subtotal	\$ 23,010
Interfund	<u>19,397</u>
Total	<u>\$ 42,407</u>

Note 7 - Prepaid Expense

This classification includes the following account:

Prepaid insurance	\$ 1,007
Prepaid health insurance	1,772
Prepaid NRA interest	155
Prepaid office rent	850
Prepaid software support	<u>4,307</u>
Total	<u>\$ 8,091</u>

Note 8 - Capital Assets

Balance as of June 30, 2014	\$ 124,789
Balance as of June 30, 2013	<u>131,011</u>
Net Increase (Decrease)	<u>\$ -6,222</u>

Reconciliation

Replacement of equipment	\$ 641
Disposal of nonexpendable equipment	-76
Current year depreciation expense	<u>-6,787</u> *
Net Increase (Decrease)	<u>\$ -6,222</u>

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

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

Note 8 - Capital Assets (Continued)

<u>Analysis</u>	07/01/2013 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	06/30/2014 <u>Balance</u>
Land	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Buildings	180,548	0	0	180,548
Equipment and furniture	<u>26,975</u>	<u>641</u>	<u>9,087</u>	<u>18,529</u>
Total Assets	\$ 229,523	\$ 641	\$ 9,087	\$ 221,077
Accumulated depreciation	<u>-98,512</u>	<u>9,011</u>	<u>6,787</u>	* <u>-96,288</u>
Net Assets	<u>\$ 131,011</u>	<u>\$ 9,652</u>	<u>\$ 15,874</u>	<u>\$ 124,789</u>

\*Current year depreciation recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 7,236
Tenants security deposits	443
Accounts payable - HUD	<u>19,071</u>
Subtotal	\$ 26,750
Interfund	<u>19,397</u>
Total	<u>\$ 46,147</u>

Note 10 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 3,557
Compensated absences	3,269
Utilities payable	<u>30</u>
Total Current Portion	\$ 6,856

Noncurrent Portion:

Compensated absences	<u>2,233</u>
Total	<u>\$ 9,089</u>

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

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

Note 11 - 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	\$ 1,200	\$ 0	\$ 759	\$ 441
Compensated absence	<u>1,926</u>	<u>307</u>	<u>0</u>	<u>2,233</u>
Total	<u>\$ 3,126</u>	<u>\$ 307</u>	<u>\$ 759</u>	<u>\$ 2,674</u>

Note 12 - 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 variable as determined by HUD based on prior period usage of vouchers.

Note 13 - 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 14 - 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 15 - Prior Period Adjustments

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

Adjustment to accrued payroll taxes	\$ -660
Void HAP checks	<u>702</u>
Total	<u>\$ 42</u>



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

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

Note 16 - Risk Management

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

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

Note 17 - Economic Dependency

The Housing Authority received most of its revenue (98%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 18 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	<u>\$ 195,852</u>
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## **SUPPLEMENTAL DATA**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
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:						
Housing Choice Vouchers*	14.871	C-2014V	FYE 06/30/14	\$ <u>2,171,785</u>	\$ <u>2,171,785</u>	\$ <u>2,171,785</u>
Mainstream Vouchers	14.189	C-2099	FYE 06/30/14	\$ <u>68,714</u>	\$ <u>68,714</u>	\$ <u>68,714</u>
Total Housing Assistance				\$ <u>2,240,499</u>	\$ <u>2,240,499</u>	\$ <u>2,240,499</u>

\*Denotes major program.



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

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

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Crawfordsville, 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 Housing Authority of the City of Crawfordsville's basic financial statements and have issued my report thereon dated January 30, 2015.

**Internal Control Over Financial Reporting**

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

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

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

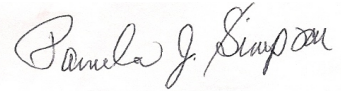
**Compliance and Other Matters**

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

I noted certain matters that I reported to the management of the Housing Authority of the City of Crawfordsville in a separate letter dated January 30, 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 Housing Authority of the City of Crawfordsville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Crawfordsville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois  
January 30, 2015



**Independent Auditor's 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 Crawfordsville  
Crawfordsville, Indiana

**Report on Compliance for Each Major Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Program**

In my opinion, the Housing Authority of the City of Crawfordsville 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 immaterial instances of noncompliance which are to be reported in accordance with *OMB Circular A-133*, which are described in the accompanying schedule of findings and questioned costs as item 2014-001. My opinion is not modified with respect to this matter.

The Housing Authority of the City of Crawfordsville's responses to the noncompliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Crawfordsville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

Management of the Housing Authority of the City of Crawfordsville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Crawfordsville'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 HUD-assisted program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Crawfordsville'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 that might be *significant deficiencies* or *material weaknesses* and, therefore, deficiencies, *significant deficiencies*, or *material weaknesses* may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be *material weaknesses* and *significant deficiencies*.

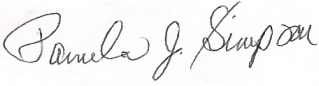
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with type of compliance requirements 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 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 2014-001 to be a material weakness.

*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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 to be a significant deficiency.

The Housing Authority of the City of Crawfordsville's responses to the internal control over compliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Crawfordsville's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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 30, 2015

  
Certified Public Accountant

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

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2013 contained one finding.

**Finding 2013-001: Incomplete Section 8 Participant Files**

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). Not all files examined contained the required documentation. This finding continues.



**HOUSING AUTHORITY OF THE CITY OF CRAWFORDSVILLE  
CRAWFORDSVILLE, 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?  X  yes \_\_\_\_\_ no

\* Significant deficiency (ies) identified?  X  yes \_\_\_\_\_ 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?  X  yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program

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

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

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

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Findings**

There were no financial statement audit findings discussed with Patricia Perkins, Executive Director during the course of the audit and at an exit conference held January 30, 2015.

**Section III - Federal Award Findings**

There was one federal award audit findings discussed with Patricia Perkins, Executive Director during the course of the audit and at an exit conference held January 30, 2015.

**Finding 2014-1: 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 (24 files examined) I noted incomplete documentation and incorrect calculations of HAP in five (5) of those files. Additionally it was noted that many files examined did not contain properly completed Section 214 declarations, copies of birth certificates or proper rent comparability forms.

*Effect:* It cannot be determined if the Section 8 participants were eligible or if 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 administrative plan will be reviewed by all staff (three Housing Authority employees). While the staff attended some training during the past year, it will be requested that the Board of Commissioners approve additional training for the current Section 8 intake staff. The Housing Authority Executive Director will review the current quality control procedures and perform more quality control checks of files.

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

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

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Fraud losses - HAP	4570.01	\$ 5,915.70		2806.03
Fraud losses - admin	4570	5,915.70		2806.01
Fraud recoveries - admin	3606		\$ 5,915.70	2806.01
Fraud recoveries - HAP	3606.01		5,915.70	2806.03
(To reclassify balances in accounts written off at 06/30/2014)				
(2)				
Depreciation expense	4800	\$ 10.76		2802.01
Loss on disposal	6120		\$ 11.22	2802.01
Accumulated depreciation	1499.99	.46		1499.99
(To correct depreciation expense on item #38 and asset disposals)				
(3)				
Administrative salaries	4110	\$ 1,438.23		2806.01
Comp absence - current	2135.1		\$ 904.12	2135.1
Comp absence - noncurrent	2135.11		534.11	2135.11
(To adjust liability to actual per time records)				
(4)				
A/R - duplex	2119.03	\$ 2,697.00		2119.03
Unrestricted net position	2806.01		\$ 2,697.00	2806.01
(To correct transfer of pre - 2004 equity transfer completed FYE 2012)				
<u>Mainstream</u>				
(1)				
Annual contrib earned	8026.05	\$ 4,750.00		2806.01
A/P - HUD/Mainstream - CY	2118.05		\$ 315.64	2118.05
Admin fees earned	3600.05		4,434.36	2806.01
(To adjust to actual per HUD approved settlement)				
<u>Business Activities</u>				
(1)				
Landscape & grounds contract	4430.40	\$ 170.00		2806.01
Unit turnaround	4430.50	3,630.00		2806.01
A/P - vendors	2111		\$ 3,800.00	2111
(To record additional vendor payable @ 06/30/2014)				
(2)				
Unrestricted net position	2806.01	\$ 2,697.00		2806.01
A/R- voucher	1129.08		\$ 2,697.00	1129.08
(To correct transfer of pre-2004 equity transfer completed FYE 2012)				

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$86,676		\$18,138	\$104,814		\$104,814
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$196,293			\$196,293		\$196,293
114 Cash - Tenant Security Deposits			\$443	\$443		\$443
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$282,969	\$0	\$18,581	\$301,550	\$0	\$301,550
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$10,064			\$10,064		\$10,064
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants						
126.1 Allowance for Doubtful Accounts - Tenants						
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery	\$14,481			\$14,481		\$14,481
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,535			-\$1,535		-\$1,535
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$23,010	\$0	\$0	\$23,010	\$0	\$23,010
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$7,623		\$468	\$8,091		\$8,091
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	\$917	\$18,480		\$19,397	-\$19,397	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$314,519	\$18,480	\$19,049	\$352,048	-\$19,397	\$332,651
161 Land			\$22,000	\$22,000		\$22,000
162 Buildings			\$180,548	\$180,548		\$180,548
163 Furniture, Equipment & Machinery - Dwellings			\$723	\$723		\$723
164 Furniture, Equipment & Machinery - Administration	\$17,806			\$17,806		\$17,806
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$10,766		-\$85,522	-\$96,288		-\$96,288
167 Construction In Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,040	\$0	\$117,749	\$124,789	\$0	\$124,789
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	\$7,040	\$0	\$117,749	\$124,789	\$0	\$124,789
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$321,559	\$18,480	\$136,798	\$476,837	-\$19,397	\$457,440

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$3,419		\$3,817	\$7,236		\$7,236
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$3,557			\$3,557		\$3,557
322 Accrued Compensated Absences - Current Portion	\$3,269			\$3,269		\$3,269
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs		\$19,071		\$19,071		\$19,071
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits			\$443	\$443		\$443
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			\$30	\$30		\$30
347 Inter Program - Due To	\$18,480		\$917	\$19,397	-\$19,397	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$28,725	\$19,071	\$5,207	\$53,003	-\$19,397	\$33,606
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	\$441			\$441		\$441
354 Accrued Compensated Absences - Non Current	\$2,233			\$2,233		\$2,233
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$2,674	\$0	\$0	\$2,674	\$0	\$2,674
300 Total Liabilities	\$31,399	\$19,071	\$5,207	\$56,677	-\$19,397	\$36,280
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$7,040		\$117,749	\$124,789		\$124,789
511.4 Restricted Net Position	\$195,852			\$195,852		\$195,852
512.4 Unrestricted Net Position	\$87,268	-\$591	\$13,842	\$100,519		\$100,519
513 Total Equity - Net Assets / Position	\$290,160	-\$591	\$131,591	\$421,160	\$0	\$421,160
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$321,559	\$18,480	\$136,798	\$476,837	-\$19,397	\$457,440

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$5,520	\$5,520		\$5,520
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$0	\$0	\$5,520	\$5,520	\$0	\$5,520
70600 HUD PHA Operating Grants	\$2,171,785	\$68,714		\$2,240,499		\$2,240,499
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$1,557		\$11	\$1,568		\$1,568
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$26,063			\$26,063		\$26,063
71500 Other Revenue	\$3,528			\$3,528		\$3,528
71600 Gain or Loss on Sale of Capital Assets	-\$76			-\$76		-\$76
72000 Investment Income - Restricted						
70000 Total Revenue	\$2,202,857	\$68,714	\$5,531	\$2,277,102	\$0	\$2,277,102
91100 Administrative Salaries	\$106,890	\$10,495		\$117,385		\$117,385
91200 Auditing Fees	\$3,625			\$3,625		\$3,625
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$46,976			\$46,976		\$46,976
91600 Office Expenses	\$36,524			\$36,524		\$36,524
91700 Legal Expense						
91800 Travel	\$72			\$72		\$72
91810 Allocated Overhead						
91900 Other	\$25,079		\$309	\$25,388		\$25,388
91000 Total Operating - Administrative	\$219,166	\$10,495	\$309	\$229,970	\$0	\$229,970
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other						
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	1 Business Activities	Subtotal	ELIM	Total
93100 Water						
93200 Electricity			\$240	\$240		\$240
93300 Gas						
93400 Fuel						
93500 Labor						
93600 Sewer			\$124	\$124		\$124
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$0	\$0	\$364	\$364	\$0	\$364
94100 Ordinary Maintenance and Operations - Labor						
94200 Ordinary Maintenance and Operations - Materials and Other	\$25		\$118	\$143		\$143
94300 Ordinary Maintenance and Operations Contracts	\$25		\$6,665	\$6,690		\$6,690
94500 Employee Benefit Contributions - Ordinary Maintenance						
94000 Total Maintenance	\$50	\$0	\$6,783	\$6,833	\$0	\$6,833
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
96110 Property Insurance	\$465		\$1,392	\$1,857		\$1,857
96120 Liability Insurance	\$348		\$79	\$427		\$427
96130 Workmen's Compensation	\$641			\$641		\$641
96140 All Other Insurance	\$439			\$439		\$439
96100 Total Insurance Premiums	\$1,893	\$0	\$1,471	\$3,364	\$0	\$3,364
96200 Other General Expenses	\$1,251			\$1,251		\$1,251
96210 Compensated Absences	\$8,527			\$8,527		\$8,527
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$9,778	\$0	\$0	\$9,778	\$0	\$9,778
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
96900 Total Operating Expenses	\$230,887	\$10,495	\$8,927	\$250,309	\$0	\$250,309
97000 Excess of Operating Revenue over Operating Expenses	\$1,971,970	\$58,219	-\$3,396	\$2,026,793	\$0	\$2,026,793

Housing Authority of the City of Crawfordsvil (IN047)

Crawfordsville, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	1 Business Activities	Subtotal	ELIM	Total
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments	\$1,962,350	\$68,635		\$2,020,885		\$2,020,885
97350 HAP Portability-In	\$2,328			\$2,328		\$2,328
97400 Depreciation Expense	\$2,045		\$4,742	\$6,787		\$6,787
97500 Fraud Losses	\$11,831			\$11,831		\$11,831
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,209,441	\$69,030	\$13,669	\$2,292,140	\$0	\$2,292,140
10010 Operating Transfer In						
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$6,584	-\$316	-\$8,138	-\$15,038	\$0	-\$15,038
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$294,005	-\$275	\$142,426	\$436,156		\$436,156
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,739		-\$2,697	\$42		\$42
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	\$94,308			\$94,308		\$94,308
11180 Housing Assistance Payments Equity	\$195,852			\$195,852		\$195,852
11190 Unit Months Available	5724	240	46	6012		6012
11210 Number of Unit Months Leased	5692	237	46	5975		5975
11270 Excess Cash						
11610 Land Purchases						
11620 Building Purchases						
11630 Furniture & Equipment - Dwelling Purchases						
11640 Furniture & Equipment - Administrative Purchases						
11650 Leasehold Improvements Purchases						
11660 Infrastructure Purchases						
13510 CFFP Debt Service Payments						
13901 Replacement Housing Factor Funds						





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

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

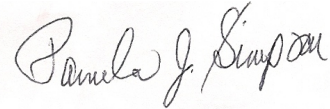
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the 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. Generally accepted accounting principles require that the Housing Authority adopt a policy regarding the establishment and recording of an allowance for doubtful accounts. While auditing the current year financial statements it was noted that the current allowance recorded was 10% of tenants's receivables. If this is the established estimate, the Authority should formally adopt a policy to coincide with the practice.
2. During the test of cash disbursements, it was found some maintenance supplies purchased for the Business Activities program was recorded on Voucher's general ledger. When charging expenditure, each invoice must be reviewed to insure it is allocated correctly.

3. While testing disbursements, I noted that Commissioners are receiving a stipend even if they do not attend the Board meeting. Attendance at the Board meetings is required to earn the stipend payments. Correct, complete attendance records should be used as a basis for the payment of all stipends.
4. The Voucher program's checking account is listed as a "business" checking account instead of a public/government account which makes it only insured up to \$250,000. If account was eligible to be a government account (NOW account, time & savings account, demand deposit account, etc), it would be covered by PDIF and should be paid interest.
5. The capitalization policy for the Housing Authority states assets equal to or greater than \$500 will be capitalized. There are many assets on depreciation schedule that should be written off because the cost is less than the adopted threshold of \$500.
6. While reviewing the agency's SEMAP certification, the Housing could not provide written documentation to substantiate that the required number of participant files and units had been tested as a basis for data collection for the submission. Specifically, this documentation needs to be retained as support for new lease ups, how rent reasonableness verifications and rent calculations.

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 30, 2015