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July 20, 2015

Board of Commissioners  
Washington Housing Authority  
520 S. E. 2<sup>nd</sup> Street  
Washington, IN 47501

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

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

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**TWELVE MONTHS ENDED DECEMBER 31, 2013**

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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## Independent Auditor's Report

Board of Commissioners  
Washington Housing Authority  
Washington, Indiana

I have audited the accompanying financial statements of the Washington Housing Authority, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Washington 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 Washington 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 Washington 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 Washington Housing Authority, as of December 31, 2013 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

## **Report on Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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.

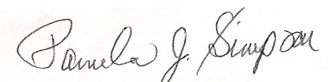
## **Report on Supplemental Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington 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 35 to 39 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 August 19, 2014 on my consideration of the Washington 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.



Certified Public Accountant

Decatur, Illinois  
August 19, 2014

*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

## **Introduction**

This Management's Discussion and Analysis (MD&A) of the Washington Housing Authority (Authority) provides an introduction and overview to the financial statements of the Washington Housing Authority for the fiscal year ended December 31, 2013. The Washington Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2013, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Washington Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has three individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program, and the Neighborhood Stabilization Program.

- The Low Rent Program consists of 190 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing and Urban Development based on a formula.
- The Capital Fund Program (CFP) is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Neighborhood Stabilization Program (NSP) consists of 6 dwelling units. This program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by the tenants.

## **Overview of the Financial Statements**

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Fund Net Position
- The Statement of Revenues, Expense, and Changes in Fund Net Position
- The Statement of Cash Flows

*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

The Statement of Net Position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Fund Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2013, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2013.

### **Financial Highlights**

The Washington Housing Authority's net position increased from \$1,868,684 to \$2,854,363, an increase of \$985,679 or 53%. Total assets also increased by \$1,020,576 or 53%.

Total revenue increased from \$786,754 to \$1,460,290, an increase of \$673,536 or 86%.

Total expenses increased by \$36,377, from \$1,258,234 to \$1,294,611 for the current year. This represents an increase of 3%.

*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

### **Housing Authority Activities & Highlights**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2013, and December 31, 2012.

#### **Summary Statement of Net Position**

<b><u>Category</u></b>	<b><u>FYE 2013</u></b>	<b><u>FYE 2012</u></b>	<b><u>Change \$</u></b>	<b><u>Change %</u></b>
Current Assets	\$ 487,018	\$ 630,033	\$ (143,015)	-23%
Noncurrent Assets	\$ 2,445,073	\$ 1,281,482	\$ 1,163,591	91%
Total Assets	\$ 2,932,091	\$ 1,911,515	\$ 1,020,576	53%
Deferred Outflows of Resources	\$ -	\$ 26,032	\$ (26,032)	-100%
<b>Total</b>	<b>\$ 2,932,091</b>	<b>\$ 1,937,547</b>	<b>\$ 994,544</b>	<b>51%</b>
Current Liabilities	\$ 77,728	\$ 68,863	\$ 8,865	13%
Total Liabilities	\$ 77,728	\$ 68,863	\$ 8,865	13%
Deferred Inflows of Resources	\$ -	\$ -	\$ -	NA
Unrestricted	\$ 409,290	\$ 587,202	\$ (177,912)	-30%
Net Investment in Capital Assets	\$ 2,445,073	\$ 1,281,482	\$ 1,163,591	91%
Total Net Position	\$ 2,854,363	\$ 1,868,684	\$ 985,679	53%
<b>Total</b>	<b>\$ 2,932,091</b>	<b>\$ 1,937,547</b>	<b>\$ 994,544</b>	<b>51%</b>

### **Current Assets**

The Authority's current asset balances decreased by \$143,015. Unrestricted cash and investments decreased from \$585,503 to \$425,951, a decrease of \$159,552 from December 31, 2012 to December 31, 2013. This was due to operating expenditures exceeding operating revenues.

### **Noncurrent Assets**

The Authority's noncurrent asset balance increased primarily due to the Authority acquiring the NSP program. Please note the capital asset portion presented in a later section.



*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

### **Net Position**

The net position of the Authority increased \$985,679 compared to the previous fiscal year. This was primarily due to the Authority acquiring capital assets from the NSP program which included the transfer of property valued at \$820,000.

The Authority's unrestricted component of net position changed from \$587,202 to \$409,290, a decrease of \$177,912, or 30% for the current year. The primary reason for the decrease was due to excess operating expenditures over operating revenues for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines. Individual program balances that comprise the unrestricted component of net position are as follows:

Low Rent Housing Program	\$ 391,857
NSP Program	<u>17,433</u>
Total Unrestricted Net Assets	<u>\$ 409,290</u>

**Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended December 31, 2013 and 2012**

<b><u>Category</u></b>	<b><u>FYE 2013</u></b>	<b><u>FYE 2012</u></b>	<b><u>Change \$</u></b>	<b><u>Change %</u></b>
Tenant Revenue	\$ 584,441	\$ 558,501	\$ 25,940	5%
HUD Operating Grants	\$ 359,847	\$ 129,895	\$ 229,952	177%
Capital Grants	\$ 497,180	\$ 69,643	\$ 427,537	614%
Interest Income	\$ 2,205	\$ 10,797	\$ (8,592)	-80%
Other Revenue	\$ 16,617	\$ 17,918	\$ (1,301)	-7%
<b>Total Revenue</b>	<b>\$ 1,460,290</b>	<b>\$ 786,754</b>	<b>\$ 673,536</b>	<b>86%</b>
Administration	\$ 341,819	\$ 341,835	\$ (16)	0%
Tenant Service	\$ 19,507	\$ 19,562	\$ (55)	0%
Utilities	\$ 302,740	\$ 251,763	\$ 50,977	20%
Ordinary Maintenance	\$ 393,018	\$ 382,309	\$ 10,709	3%
Protective Services	\$ 2,752	\$ 1,305	\$ 1,447	111%
General Expense	\$ 74,567	\$ 83,983	\$ (9,416)	-11%
Depreciation	\$ 160,208	\$ 177,477	\$ (17,269)	-10%
<b>Total Expenses</b>	<b>\$ 1,294,611</b>	<b>\$ 1,258,234</b>	<b>\$ 36,377</b>	<b>3%</b>
Special Items	\$ 820,000	\$ -	\$ 820,000	NA
<b>Increase (Decrease) in Net Position</b>	<b>\$ 985,679</b>	<b>\$ (471,480)</b>	<b>\$ 1,457,159</b>	<b>-309%</b>
<b>Net Position, Beginning of Year</b>	<b>\$ 1,868,684</b>	<b>\$ 2,340,164</b>	<b>\$ (471,480)</b>	<b>-20%</b>
<b>Net Position, End of Year</b>	<b>\$ 2,854,363</b>	<b>\$ 1,868,684</b>	<b>\$ 985,679</b>	<b>53%</b>

*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

**Results of Operations**

Revenues of the Authority are generated principally Federal and State funding grant income. The Authority's revenue increased by \$673,536 compared to the previous fiscal year.

- Tenant revenue increased by \$38,263. This was due to addition of dwelling rent charged in the NSP program.
- HUD operating grants increased by \$229,952. This was due to HUD budget cuts in the 2012 calendar year, resulting in reduced operating subsidies received in the prior year.
- Capital grants increased by \$427,537. This was due to an elevator upgrade project funded through the CFP program.
- Interest income decreased by \$8,592 due to the reduction of cash/investment balances.

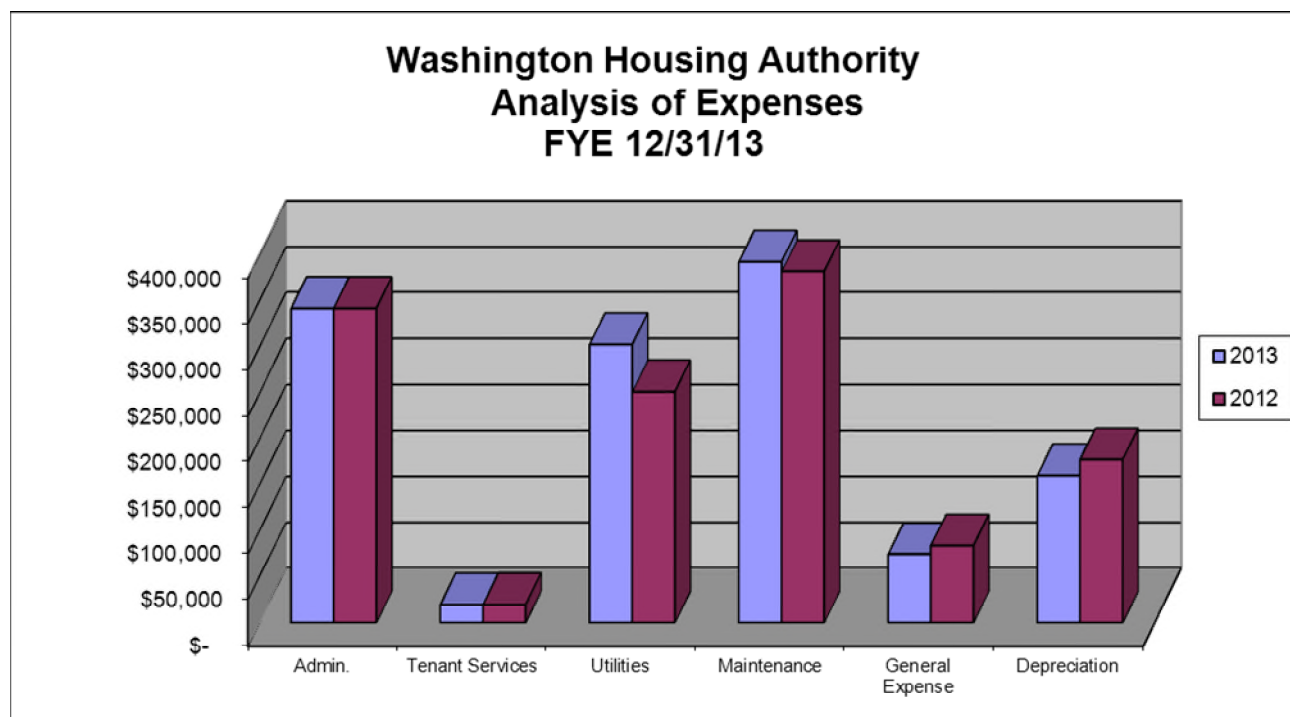
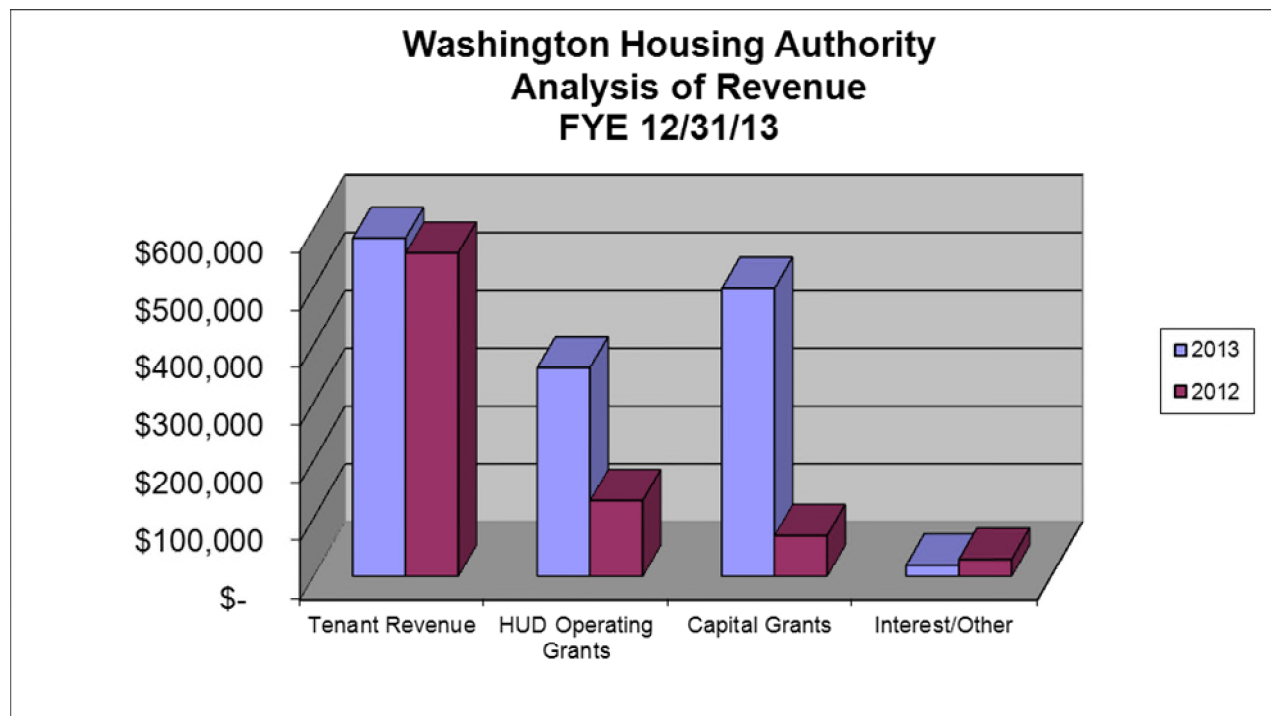
Total expenses increased by \$36,377. Significant variances include the following:

- Utilities increased by \$50,977. This was due to an increase in water/sewer expenses in the amount of \$19,803, electric expenses in the amount of \$22,700, and gas expenses in the amount of \$8,474.
- Ordinary maintenance increased by \$10,709 due to an increase in maintenance staff resulting in higher salary and benefit expenses.
- Depreciation expense decreased by \$17,269. This was due to the building improvements completed in 1997 being fully depreciated in the previous year.

Special items are the result of the Authority receiving a transfer of property associated with the NSP program in the amount of \$820,000.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:

*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*



*Washington Housing Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013*

### **Capital Assets**

As of December 31, 2013, the Washington Housing Authority's net investment in capital assets was \$2,445,073. This investment includes building improvements and equipment.

<u>Category</u>	<u>FYE 2013</u>	<u>FYE 2012</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 99,607	\$ 97,107	\$ 2,500	3%
Buildings	\$ 6,517,738	\$ 5,643,100	\$ 874,638	15%
Equipment	\$ 274,405	\$ 274,405	\$ -	0%
Construction in Progress	\$ 522,345	\$ 75,684	\$ 446,661	590%
Accumulated Depreciation	\$ (4,969,022)	\$ (4,808,814)	\$ (160,208)	3%
Total Net Fixed Assets	\$ 2,445,073	\$ 1,281,482	\$ 1,163,591	91%

Land and buildings increased by primarily due to the transfer of property associated with the NSP program in the amount of \$820,000. The building account also increased due to an electrical project funded by the 2009 CFP. The construction in progress accounts consists of an elevator upgrade funded by the 2010, 2011, and 2012 CFPs.

### **Subsequent Event**

Due to budget cuts, with the operating fund proration, the Authority could possibly face an operating subsidy proration for the calendar year 2014. 2014 will see the elimination of a full time maintenance employee due to retirement that will not be replaced. The bed bug problem has become a costly endeavor for the housing authority and is a concern for our budget.

Future CFP will be used to upgrade energy concerns as well as bring some of the older rolling stock up to date. In 2014 we plan on redoing the front entrance doors to better serve our tenants. Our insurance company has a suit against it, with the WHA named due to a fall in our Towers activity room that has been settled, but as of this date have not received final closure.

Utility bills continue to rise even though we have instituted energy saving methods throughout our properties. The loss of operating funds in 2012 has eliminated our reserves for emergencies. Future budget concerns are of the upmost importance as costs are rising.

### **Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Washington Housing Authority  
William O'Brian, Executive Director  
520 S.E. 2<sup>nd</sup> Street  
Washington, IN 47501

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2013**

**ASSETS**

Cash - operating	\$ 229,408
Cash - restricted	27,010
Receivables (net)	2,370
Accrued interest receivable	1,117
Investments	196,543
Inventory	2,362
Prepaid expenses	28,208

Capital assets:

Land, land improvements and construction in progress	\$ 621,952
Other capital assets, net of depreciation	<u>1,823,121</u>

Total Capital Assets \$ 2,445,073

Total Assets \$ 2,932,091

**DEFERRED OUTFLOWS OF RESOURCES** \$ 0

**TOTAL** \$ 2,932,091

**LIABILITIES**

Accounts payable	\$ 24,075
Other liabilities	48,944
Unearned revenue	<u>4,709</u>

Total Liabilities \$ 77,728

**DEFERRED INFLOWS OF RESOURCES** \$ 0

**NET POSITION**

Net investment in capital assets	\$ 2,445,073
Unrestricted	<u>409,290</u>

Total Net Position \$ 2,854,363

**TOTAL** \$ 2,932,091

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2013**

Operating Income

Tenant rental revenue	\$ 535,823
Excess utilities	<u>60,941</u>
Total Rental Income	\$ 596,764
HUD grants - operating	359,847
Other revenue	<u>4,294</u>
Total Operating Income	<u>\$ 960,905</u>

Operating Expenses

Administration	\$ 341,819
Tenant services	19,507
Utilities	302,740
Ordinary maintenance and operation	393,018
General expense	74,567
Protective services	2,752
Depreciation	<u>160,208</u>
Total Operating Expenses	<u>\$ 1,294,611</u>
Net Operating Income (Loss)	\$ -333,706

Nonoperating Income (Expense)

Donated property	820,000
Interest income	2,205

Capital Contributions

Capital Fund Grants	<u>497,180</u>
Changes in net position	\$ 985,679
Net position, beginning of year	<u>1,868,684</u>
Net position, end of year	<u>\$ 2,854,363</u>

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2013**

Operating Activities

Operating grants	\$ 385,879
Tenant revenue	600,235
Other revenue	4,294
Payments to employees	-358,746
Payments to suppliers and contractors	<u>-782,502</u>

Net Cash Provided (Used) by Operating Activities \$ -150,840

Investing Activities

Investments (purchased) redeemed	\$ 327,399
Interest income	<u>5,432</u>

Net Cash Provided (Used) by Investing Activities \$ 332,831

Capital and Related Financing Activities

HUD grants - capital	\$ 497,180
Donated property	820,000
(Additions) deletions to fixed assets	<u>-1,323,799</u>

Net Cash Provided (Used) by  
Capital and Related Financing Activities \$ -6,619

Net Change in Cash \$ 175,372

Cash Balance at December 31, 2012 81,046

Cash Balance at December 31, 2013 \$ 256,418

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2013**

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

Net operating income (loss)	\$ -333,706
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	160,208
(Increase) decrease in accounts receivable	-130
(Increase) decrease in prepaid expenses	-11,905
(Increase) decrease in inventories	-204
(Increase) decrease in deferred outflows	26,032
Increase (decrease) in accounts payable	2,296
Increase (decrease) in other liabilities	5,784
Increase (decrease) in unearned revenues	<u>785</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ -150,840</u></u>

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



**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Washington Housing Authority was established by the City 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 Washington 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 Washington 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 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.

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2013  
(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
- \* Neighborhood Stabilization Program

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 three (3) months 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.

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) Accounts Receivable -

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

(h) Inventories and Materials -

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

(I) Investments -

Investments are stated at cost which approximates market.

(j) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

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	3 - 5	years
Leasehold improvements	15	years

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(k) Net Position -

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

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

(l) Income Tax -

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

(m) Annual Contributions/Subsidies and Other Grants

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

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

- (n) The Housing Authority adopts a budget annually. The budget is submitted to the Department of Housing and Urban Development for approval. Subsequent budget revisions may also be required to be submitted to HUD for approval.
- (o) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (p) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

- (q) Rental income is recognized as rents become due.
- (r) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

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

*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.

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2013  
(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	\$ 231,559	\$ 271,103
Neighborhood Stabilization Program	<u>24,859</u>	<u>24,859</u>
Total	<u>\$ 256,418</u>	<u>\$ 295,962</u>

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

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 196,543</u>	<u>\$ 196,543</u>

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 3 - Compensated Absences

Annual Leave

Vacation time is earned in one fiscal/calendar year, but cannot be taken until the following fiscal or calendar year. While time is earned on a monthly basis for convenience sake the Authority posts the whole year's worth of anticipated annual leave on the 1<sup>st</sup> of January.

All regular full-time employees earn paid annual leave in the following manner:

Years 1	5	days per year
Years 2-10	10	days per year
Over 11 years	15	days per year

Sick Leave

Sick Leave will be accumulated by all full-time employees at the rate of 8 hours per month for a total of 96 hours per calendar year. After two years of employment, sick leave will accumulate at the rate of 12 hours per month for a total of 144 hours per calendar year. Sick leave may accumulate to 60 workdays. In no event shall an employee be paid for sick leave not taken.

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Public Employee Retirement Fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after the first full month of service. The plan requires the Housing Authority and the employee to contribute 10.0% and 3.0% of base salary each month, respectively. The Housing Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Housing Authority contributions for, and the interest forfeited by, employees who leave employment before five years of service are reallocated to the Housing Authority's current employees. For the fiscal year ended December 31, 2013, actual contributions were \$44,963. Total annual payroll expense was \$293,684.

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	\$ 3,935
Allowance for doubtful accounts - tenants	<u>-1,565</u>
Subtotal	\$ 2,370
Interfund	<u>2,585</u>
Total	<u>\$ 4,955</u>

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 7 - Investments

At December 31, 2013 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	2.20 - 2.80%	\$ 196,543	\$ 196,543

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ 28,208
-------------------	-----------

Note 9 - Capital Assets

Balance as of December 31, 2013	\$ 2,445,073
Balance as of December 31, 2012	<u>1,281,482</u>
Net Increase (Decrease)	<u>\$ 1,163,591</u>

Reconciliation

Betterments and additions	\$ 1,323,799
Current year depreciation expense	<u>-160,208</u> *
Net Increase (Decrease)	<u>\$ 1,163,591</u>

<u>Analysis</u>	<u>01/01/2013 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2013 Balance</u>
Land	\$ 97,107	\$ 2,500	\$ 0	\$ 99,607
Buildings	5,643,100	874,638	0	6,517,738
Equipment and furniture	274,405	0	0	274,405
Construction in progress	<u>75,684</u>	<u>497,180</u>	<u>50,519</u>	<u>522,345</u>
Total	\$ 6,090,296	\$ 1,374,318	\$ 50,519	\$ 7,414,095
Accumulated depreciation	<u>-4,808,814</u>	<u>0</u>	<u>160,208</u> *	<u>-4,969,022</u>
Net Assets	<u>\$ 1,281,482</u>	<u>\$ 1,374,318</u>	<u>\$ 210,727</u>	<u>\$ 2,445,073</u>

\*Current year depreciation expense recognized.



**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 1,774
Tenants security deposits	<u>22,301</u>
Subtotal	\$ 24,075
Interfund	<u>2,585</u>
Total	<u><u>\$ 23,660</u></u>

Note 11 - Notes Payable

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

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

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

Note 12 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 12,848
Payment in lieu of taxes	23,308
Utilities payable	<u>12,788</u>
Total	<u><u>\$ 48,944</u></u>

Note 13 - Unearned Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u><u>\$ 4,709</u></u>
----------------------	------------------------

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

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 - Contracts/Commitments

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

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-10	\$ 244,818	\$ 233,837
CFP 501-11	213,782	203,227
CFP 501-12	191,066	130,622
CFP 501-13	<u>198,336</u>	<u>22,000</u>
Total	<u>\$ 848,002</u>	<u>\$ 589,686</u>

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 or the risk pool coverage in the current or past three years.

Note 17 - Economic Dependency

The Housing Authority received a large percentage of its revenue (38%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-590	FYE 12/31/13	\$ 334,477	\$ 334,477	\$ 334,477
Public Housing - Capital Fund*	14.872	C-590	FYE 12/31/13	\$ 1,093,267	\$ 522,550	\$ 522,550
Total Housing Assistance				\$ 1,427,744	\$ 857,027	\$ 857,027

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PHASE IN36P030501-09**

1. The Actual Modernization Costs of Phase IN36P030501-09 are as follows:

Funds approved	\$ 245,265
Funds expended	<u>245,265</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 245,265
Funds expended	<u>245,265</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 August 19, 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  
Washington Housing Authority  
Washington, 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 Washington Housing Authority, which comprise the statement of net position as of December 31, 2013, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Washington Housing Authority's basic financial statements and have issued my report thereon dated August 19, 2014.

**Internal Control Over Financial Reporting**

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

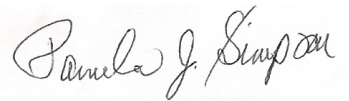
As part of obtaining reasonable assurance about whether the Washington Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Washington Housing Authority in a separate letter dated August 19, 2014.

**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 Washington 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 Washington Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois  
August 19, 2014

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

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  
Washington Housing Authority  
Washington, Indiana

**Report on Compliance for Each Major Program**

I have audited the Washington 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 Washington Housing Authority's major federal programs for the year ended December 31, 2013. The Washington 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 Washington 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 Washington 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 Washington Housing Authority's compliance.

**Opinion on Each Major Program**

In my opinion, the Washington 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 December 31, 2013.



## Other Matters

The results of my auditing procedures also disclosed no instances of noncompliance which are to be reported in accordance with *OMB Circular A-133*.

I noted certain matters that I reported to the management of the Washington Housing Authority in a separate letter dated August 19, 2014.

## Report on Internal Control Over Compliance

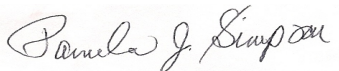
Management of the Washington Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Washington Housing Authority's internal 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 Washington 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  
August 19, 2014

  
Certified Public Accountant

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

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

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

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

*Financial Statements*

Type of auditor's report:

Unqualified

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

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

*Federal Awards*

Internal control over major programs:

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

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

Not applicable

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

\_\_\_\_\_ yes X no

**Identification of major programs:**

CFDA Number(s)

Name of Federal Program or Cluster

14.872

Public Housing - Capital Fund Program

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

\$ 300,000

Auditee qualified as low-risk auditee?

X yes \_\_\_\_\_ no

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Findings**

There were no financial statement audit findings discussed with William O'Brian, Executive Director or Jane Neeley, during the course of the audit and at an exit conference held August 19, 2014.

**Section III - Federal Award Findings**

There were no federal award audit findings discussed with William O'Brian, Executive Director or Jane Neeley, during the course of the audit and at an exit conference held August 19, 2014.

**WASHINGTON HOUSING AUTHORITY  
WASHINGTON, INDIANA**

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

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Maintenance materials inv.	1260	\$ 1,042.63		1260
Allow. for obsolete maintenance	1261		\$ 104.27	1261
Materials	4420		938.36	2806
(To adjust value of inventory due to incorrect valuation of quantity on hand)				
(2)				
Wages payable	2115	\$ 480.74		2115
Maintenance retirement benefits	4540.43		\$ 254.74	2806
Admin. retirement benefits	4540.13		226.00	2806
(To adjust accrual. Retirement contribution accrued at incorrect rate.)				
(3)				
Health withholding	2117.04	\$ 7,312.87		2117.04
Admin health benefits	4540.12		\$ 4,350.91	2806
Maintenance. health benefits	4540.42		2,876.82	2806
A/R - NSP	1129.04		85.14	1129.04
(To reverse JV 13-112; H/A was totally paid up in insurance @ 12/31/2013)				
(4)				
Prepaid insurance	1211	\$ 7,671.91		1211
General liability insurance	4510.02	729.31		2806
Worker's comp insurance	4510.04	197.94		2806
Property insurance	4510.01		\$ 4,255.66	2806
Other insurance expense	4510.06		4,343.50	2806
(To record additional payments for premium previously paid in FY '13)				
<u>NSP</u>				
(1)				
Wages payable	2115	\$ 4.40		2115
Admin. retirement benefits	4540.13		\$ 4.40	2806
(To adjust accrual. Retirement benefits accrued at incorrect rate.)				
(2)				
PILOT	4520	\$ 2,728.10		2806
PILOT liability	2137		\$ 2,728.10	2137
(To accrue PILOT on 7 units per City forgiveness of real estate tax billed)				
(3)				
A/P - Low Rent	2119.01	\$ 85.14		2119.01
Admin. health benefits	4540.12		\$ 85.14	2806
(To reverse LR JV 13-112; H/A was totally paid up in insurance @ 12/31/2013)				

## Washington Housing Authority (IN030)

WASHINGTON, IN

## Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$207,249	\$22,159	\$229,408		\$229,408
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$19,601	\$2,700	\$22,301		\$22,301
115 Cash - Restricted for Payment of Current Liabilities	\$4,709		\$4,709		\$4,709
100 Total Cash	\$231,559	\$24,859	\$256,418	\$0	\$256,418
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$0		\$0		\$0
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$0		\$0		\$0
126 Accounts Receivable - Tenants	\$2,785	\$1,150	\$3,935		\$3,935
126.1 Allowance for Doubtful Accounts - Tenants	-\$990	-\$575	-\$1,565		-\$1,565
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$1,117		\$1,117		\$1,117
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,912	\$575	\$3,487	\$0	\$3,487
131 Investments - Unrestricted	\$196,543		\$196,543		\$196,543
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$27,863	\$345	\$28,208		\$28,208
143 Inventories	\$2,624		\$2,624		\$2,624
143.1 Allowance for Obsolete Inventories	-\$262		-\$262		-\$262
144 Inter Program Due From	\$2,585		\$2,585	-\$2,585	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$463,824	\$25,779	\$489,603	-\$2,585	\$487,018
161 Land	\$97,107	\$2,500	\$99,607		\$99,607
162 Buildings	\$5,700,238	\$817,500	\$6,517,738		\$6,517,738
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$274,405		\$274,405		\$274,405
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$4,953,694	-\$15,328	-\$4,969,022		-\$4,969,022
167 Construction in Progress	\$522,345		\$522,345		\$522,345
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,640,401	\$804,672	\$2,445,073	\$0	\$2,445,073
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0		\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0		\$0		\$0
173 Grants Receivable - Non Current	\$0		\$0		\$0
174 Other Assets	\$0		\$0		\$0
176 Investments in Joint Ventures	\$0		\$0		\$0
180 Total Non-Current Assets	\$1,640,401	\$804,672	\$2,445,073	\$0	\$2,445,073
190 Total Assets	\$2,104,225	\$830,451	\$2,934,676	-\$2,585	\$2,932,091
200 Deferred Outflow of Resources	\$0		\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$2,104,225	\$830,451	\$2,934,676	-\$2,585	\$2,932,091

Washington Housing Authority (IN030)  
WASHINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,760	\$14	\$1,774		\$1,774
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$12,744	\$104	\$12,848		\$12,848
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs	\$0		\$0		\$0
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$20,580	\$2,728	\$23,308		\$23,308
341 Tenant Security Deposits	\$19,601	\$2,700	\$22,301		\$22,301
342 Unearned Revenue	\$4,709		\$4,709		\$4,709
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0		\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$12,573	\$215	\$12,788		\$12,788
347 Inter Program - Due To		\$2,585	\$2,585	-\$2,585	\$0
348 Loan Liability - Current	\$0		\$0		\$0
310 Total Current Liabilities	\$71,967	\$8,346	\$80,313	-\$2,585	\$77,728
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0		\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current	\$0		\$0		\$0
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$0		\$0		\$0
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$71,967	\$8,346	\$80,313	-\$2,585	\$77,728
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,640,401	\$804,672	\$2,445,073		\$2,445,073
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	\$391,857	\$17,433	\$409,290		\$409,290
513 Total Equity - Net Assets / Position	\$2,032,258	\$822,105	\$2,854,363	\$0	\$2,854,363
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,104,225	\$830,451	\$2,934,676	-\$2,585	\$2,932,091

Washington Housing Authority (IN030)  
WASHINGTON, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$508,063	\$27,760	\$535,823	\$0	\$535,823
70400 Tenant Revenue - Other	\$60,616	\$325	\$60,941	\$0	\$60,941
70500 Total Tenant Revenue	\$568,679	\$28,085	\$596,764	\$0	\$596,764
70600 HUD PHA Operating Grants	\$359,847		\$359,847	\$0	\$359,847
70610 Capital Grants	\$497,180		\$497,180	\$0	\$497,180
70710 Management Fee			\$0	\$0	\$0
70720 Asset Management Fee			\$0	\$0	\$0
70730 Book Keeping Fee			\$0	\$0	\$0
70740 Front Line Service Fee			\$0	\$0	\$0
70750 Other Fees			\$0	\$0	\$0
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants			\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$2,205		\$2,205	\$0	\$2,205
71200 Mortgage Interest Income			\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale			\$0	\$0	\$0
71310 Cost of Sale of Assets			\$0	\$0	\$0
71400 Fraud Recovery			\$0	\$0	\$0
71500 Other Revenue	\$4,294		\$4,294	\$0	\$4,294
71600 Gain or Loss on Sale of Capital Assets			\$0	\$0	\$0
72000 Investment Income - Restricted			\$0	\$0	\$0
70000 Total Revenue	\$1,432,205	\$28,085	\$1,460,290	\$0	\$1,460,290
91100 Administrative Salaries	\$168,322	\$2,572	\$170,894	\$0	\$170,894
91200 Auditing Fees	\$5,090		\$5,090	\$0	\$5,090
91300 Management Fee			\$0	\$0	\$0
91310 Book-keeping Fee			\$0	\$0	\$0
91400 Advertising and Marketing	\$7,964	\$80	\$8,044	\$0	\$8,044
91500 Employee Benefit contributions - Administrative	\$103,875	\$452	\$104,327	\$0	\$104,327
91600 Office Expenses	\$24,014	\$212	\$24,226	\$0	\$24,226
91700 Legal Expense	\$165		\$165	\$0	\$165
91800 Travel	\$4,521	\$46	\$4,567	\$0	\$4,567
91810 Allocated Overhead			\$0	\$0	\$0
91900 Other	\$24,452	\$54	\$24,506	\$0	\$24,506
91000 Total Operating - Administrative	\$338,403	\$3,416	\$341,819	\$0	\$341,819
92000 Asset Management Fee			\$0	\$0	\$0
92100 Tenant Services - Salaries			\$0	\$0	\$0
92200 Relocation Costs			\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services			\$0	\$0	\$0
92400 Tenant Services - Other	\$19,507		\$19,507	\$0	\$19,507
92500 Total Tenant Services	\$19,507	\$0	\$19,507	\$0	\$19,507



Washington Housing Authority (IN030)  
WASHINGTON, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
93100 Water	\$50,033	\$45	\$50,078	\$0	\$50,078
93200 Electricity	\$132,944	\$382	\$133,326	\$0	\$133,326
93300 Gas	\$52,204		\$52,204	\$0	\$52,204
93400 Fuel			\$0	\$0	\$0
93500 Labor			\$0	\$0	\$0
93600 Sewer	\$67,080	\$52	\$67,132	\$0	\$67,132
93700 Employee Benefit Contributions - Utilities			\$0	\$0	\$0
93800 Other Utilities Expense			\$0	\$0	\$0
93000 Total Utilities	\$302,261	\$479	\$302,740	\$0	\$302,740
94100 Ordinary Maintenance and Operations - Labor	\$187,533	\$1,456	\$188,989	\$0	\$188,989
94200 Ordinary Maintenance and Operations - Materials and Other	\$55,922	\$359	\$56,281	\$0	\$56,281
94300 Ordinary Maintenance and Operations Contracts	\$63,072	\$547	\$63,619	\$0	\$63,619
94500 Employee Benefit Contributions - Ordinary Maintenance	\$84,017	\$112	\$84,129	\$0	\$84,129
94000 Total Maintenance	\$390,544	\$2,474	\$393,018	\$0	\$393,018
95100 Protective Services - Labor			\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$2,752		\$2,752	\$0	\$2,752
95300 Protective Services - Other			\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services			\$0	\$0	\$0
95000 Total Protective Services	\$2,752	\$0	\$2,752	\$0	\$2,752
96110 Property Insurance	\$19,769	\$806	\$20,575	\$0	\$20,575
96120 Liability Insurance	\$12,471	\$119	\$12,590	\$0	\$12,590
96130 Workmen's Compensation	\$5,638	\$55	\$5,693	\$0	\$5,693
96140 All Other Insurance	\$5,424		\$5,424	\$0	\$5,424
96100 Total Insurance Premiums	\$43,302	\$980	\$44,282	\$0	\$44,282
96200 Other General Expenses	\$1,461		\$1,461	\$0	\$1,461
96210 Compensated Absences			\$0	\$0	\$0
96300 Payments in Lieu of Taxes	\$20,580	\$2,728	\$23,308	\$0	\$23,308
96400 Bad debt - Tenant Rents	\$4,941	\$575	\$5,516	\$0	\$5,516
96500 Bad debt - Mortgages			\$0	\$0	\$0
96600 Bad debt - Other			\$0	\$0	\$0
96800 Severance Expense			\$0	\$0	\$0
96000 Total Other General Expenses	\$26,982	\$3,303	\$30,285	\$0	\$30,285
96710 Interest of Mortgage (or Bonds) Payable			\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)			\$0	\$0	\$0
96730 Amortization of Bond Issue Costs			\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,123,751	\$10,652	\$1,134,403	\$0	\$1,134,403
97000 Excess of Operating Revenue over Operating Expenses	\$308,454	\$17,433	\$325,887	\$0	\$325,887

Washington Housing Authority (IN030)  
WASHINGTON, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
97100 Extraordinary Maintenance			\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized			\$0	\$0	\$0
97300 Housing Assistance Payments			\$0	\$0	\$0
97350 HAP Portability-In			\$0	\$0	\$0
97400 Depreciation Expense	\$144,880	\$15,328	\$160,208	\$0	\$160,208
97500 Fraud Losses			\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense			\$0	\$0	\$0
90000 Total Expenses	\$1,268,631	\$25,980	\$1,294,611	\$0	\$1,294,611
10010 Operating Transfer In	\$25,370		\$25,370	-\$25,370	\$0
10020 Operating transfer Out	-\$25,370		-\$25,370	\$25,370	\$0
10030 Operating Transfers from/to Primary Government	\$0		\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit			\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss			\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)		\$820,000	\$820,000	\$0	\$820,000
10091 Inter Project Excess Cash Transfer In			\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out			\$0	\$0	\$0
10093 Transfers between Program and Project - In			\$0	\$0	\$0
10094 Transfers between Project and Program - Out			\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$820,000	\$820,000		\$820,000
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$163,574	\$822,105	\$985,679		\$985,679
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,868,684	\$0	\$1,868,684	\$0	\$1,868,684
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$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					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	2280	63	2343	0	2343
11210 Number of Unit Months Leased	2267	62	2329	0	2329
11270 Excess Cash	\$266,627		\$266,627		\$266,627
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$503,799		\$503,799		\$503,799
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

Board of Commissioners  
Washington Housing Authority  
Washington, Indiana

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

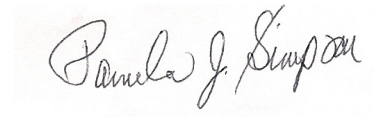
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the 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 Housing Authority's depreciation schedules it was noted that items under the capitalization threshold (\$1,500) are listed on the current depreciation schedule. The schedules should be reviewed along with the current policy and adjusted accordingly.
2. At the end of 2013, vacation hours earned but not used were carried over by at least one employee (with permission), however, no liability for the unused hours was set up as a liability at year end. If PHA elects to pay this time to the employee (or if the situation arises in the future), a related liability should be recorded at year end.
3. There was no PILOT liability recorded on NSP's general ledger at year end. Discussion with Housing Authority Management indicated that the City has abated the 2013 real estate taxes due in 2014 due to intergovernmental PILOT agreement. As a result, a PILOT liability was recorded for audit purposes and should be recorded in future periods.

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 testing Capital Fund expenditures, I noted that the Certified Contractor's Payroll's did not have written verifications that the rates of pay had been tested/checked by Housing Authority personnel. I suggest that the verifications be documented in the future.

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

A handwritten signature in black ink, reading "Pamela J. Simpson". The signature is written in a cursive, flowing style.

Certified Public Accountant

Decatur, Illinois  
August 19, 2014