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May 15, 2013

Board of Directors  
Housing Authority of the City of Elkhart  
1396 Benham Avenue  
Elkhart, IN 46516

We have reviewed the audit report prepared by McCauley, Nicolas & Company, LLC, Independent Public Accountants, for the period April 1, 2011 to March 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Elkhart, as of March 31, 2012 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**for the year ended March 31, 2012**

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of the Housing Authority of the City of Elkhart as of and for the year ended March 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Elkhart's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Elkhart as of March 31, 2012, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, on our consideration of the Housing Authority of the City of Elkhart's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

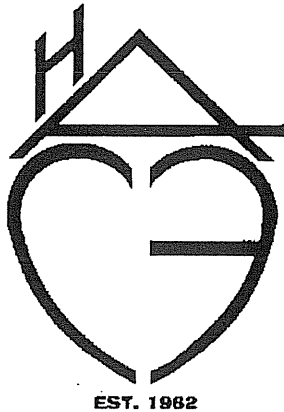
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Elkhart taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Additionally, the accompanying Financial Data Schedule is presented for purposes of additional analysis and is also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 27, 2012



# **MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year 2012 Year End Audit Report

By: Joan Lau, Director Finance Elkhart Housing Authority.

## **Housing Authority of the City of Elkhart - MD&A**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

This Management Discussion and Analysis will be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 16).

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets increased \$388,286 (or 3.1%) during the year ended March 31, 2012.
  - 2012=\$12,793,984
  - 2011=\$12,405,698
  - 2010=\$11,509,998
- Total assets decreased by \$22,904 this was due to an increase in capital assets of \$19,922 and current assets decreasing by \$42,826.
- Capital assets increase was caused primarily by increases in equipment both in dwelling & administration and leasehold improvements totaling \$699,290 and the annual offset of accumulated depreciation of \$676,056.
- Cash and investments decreased by \$287,004. This was mostly due to allowing CD's to mature and using cash for operations.
- Net receivables were up by \$248,655 mostly due to A/R HUD.
- Prepaid expense was down by \$2,524 and inventories decreased by \$1,953.
- Total current liabilities were down by \$471,560.
- Total revenue decreased by \$323,913 (or 3.65%) from 2011's \$8,878,188 to \$8,554,275 in 2012.
- Capital grant revenue was down by \$292,389 due to the ARRA Grant closing last year and a delay on starting our window replacement at Riverside High-rise due to the weather and a vendor ordering issue.
- Secondly operating grants revenue was up \$24,960 due to higher than expected operational subsidy.
- Fraud recovery revenue was down \$51,376.
- The total expenses of all Authority programs decreased by \$43,214. This decrease consisted of the following:

Administration expenses	\$ (75,225)
Utilities expense	(20,286)
Tenant Services (Resident Part)	1,531
Maintenance increased by	91,364
Protective Services	(8,100)
Insurance premiums	39
General Expenses	(5,667)
Housing assistance payments	75,656
Depreciation expense	(75,336)
Casualty losses and extraordinary maintenance	<u>(27,190)</u>
	<u>\$ (43,214)</u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**FINANCIAL HIGHLIGHTS—Continued**

- The decrease in total expenses of \$43,214 was primarily made up of the following:
  - Administrative expenses down \$75,225.
    - This was made up primarily in a decrease in Administrative Salary of (\$104,707) via a reduction of staffing.
    - Benefits increased by \$5,196. The EHA had fewer employees in their first year. Their co-pay was reduced to 20% from 50%.
    - Office expense increased by \$50,547 mostly due to increased efforts to lease units.
    - Travel decreased by \$28,610. The EHA alternates training to reduce costs. This was an off year for training.
    - Increased advertising of \$1,725 to increase occupancy.
  - Maintenance costs increased by \$91,364
    - By far the largest increase was \$113,761 in contract costs.
    - Maintenance material cost was reduced by \$20,300.
  - Tenant Services was up \$1,531 due to higher occupancy for the subsidy calculation.
  - Utilities were down \$20,286. Water, sewer and electric were up approximately \$22,631 (10%), but gas was down \$42,917 (60.7%) due to the mild winter.
  - General expense was down by \$5,667. This was caused by the following:
    - Compensated absence expense was down \$33,522 due to increased usage of time off.
    - Payment of lieu of taxes (PILOT) was up \$7,012 due to increased occupancy.
    - Bad debt was up \$20,843 due to the use of Enterprise Income Verification (EIV) – HUD's system of income verification.
  - Insurance expense was just about level from last year.
  - Extraordinary maintenance was down by \$26,754.
  - Casualty loss was about level to last year.
  - HAP (Housing Assistance Payments) expense was up by \$75,656. This was due to increase in units from Carriage House apartments of 94 units. They were awarded to us from HUD. Further, a higher payment standard was in place from last year. Thus, more funds were placed at the tenants' disposal to rent higher priced apartments under the voucher program.
  - Depreciation expense decreased by \$75,336. This was due to assets reaching their useful life and a reduction to our vehicle pool.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**USING THIS ANNUAL REPORT**

**MD&A**

~ Management Discussion  
And Analysis ~

**Basic Financial Statements**

~ Authority-wide Financial Statements (new) – pgs 16-18~  
~ Notes to Financial Statements (expanded/restructured) – pgs 19-26 ~

**Other Required Supplementary Information**

~ Required Supplementary Information pg 27~  
(Other than MD&A)

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pgs 16-18) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in a format, where assets minus liabilities equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**Authority-Wide Financial Statements—Continued**

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

**Fund Financial Statements**

**The Authority's Funds**

Business Type Funds- the Housing Finance Corporation and the Elkhart Community Housing Corporations are sister Not – For – Profit entities to encourage affordable housing for the low income clientele of Elkhart County.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents 672 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**Fund Financial Statements—Continued**

**The Authority's Funds—Continued**

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

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

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

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged in Business-Type Activities, Conventional Housing & Housing Choice Voucher.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Assets**

**TABLE 1  
STATEMENT OF NET ASSETS**

	2012 (In thousand of dollars)	2011 (In thousands of dollars)
Current and Other Assets	\$ 4,328.0	\$ 4,370.8
Capital Assets	9,014.4	8,994.5
Total Assets	\$13,342.4	\$13,365.3
Current Liabilities	\$ 346.9	\$ 818.4
Long-Term Liabilities	201.5	141.1
Total Liabilities	\$ 548.4	\$ 959.5
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	9,014.4	\$ 8,994.5
Restricted	558.5	473.0
Unrestricted	3,221.0	2,938.3
Total Net Assets	\$12,793.9	\$12,405.8

For more detailed information see page 16 for the Statement of Net Assets.

**Major Factors Affecting the Statement of Net Assets**

Current assets were decreased by \$42,826 Capital Assets increased by \$19,922. Primarily these numbers changed by the following:

<b>Current Assets</b>	
Cash	\$ 312,996
Accounts receivable from HUD	266,437
Account receivable misc. net	23,834
Net tenant accounts receivable	(7,214)
Notes (repayment) receivable	(8,643)
Investments	(600,000)
Prepaid expenses	(2,524)
Inventories	(1,953)
A/R fraud	(20,005)
Accrued interest receivable	(5,754)
	\$ ( 42,826)

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**Major Factors Affecting the Statement of Net Assets—Continued**

Capital Assets

Construction in progress (CIP)	\$ (678,528)
Buildings (Component)	101,600
Administrative furniture & equipment	60,613
Dwelling equip	185,667
Leasehold improvements	1,026,626
Accumulated depreciation	<u>(676,056)</u>
	<u>\$ 19,622</u>

The Dwelling & Administration lines were affected by the completion of several large capital fund projects. Close out of construction in progress of \$678,528 was moved to leasehold improvement thus a net increase of \$348,098 (\$1,026,626-\$678,528) was the current years increase in assets. These came from Capital Fund Projects. Equipment both for Administration and Dwelling increase from both Capital Fund purchase and the Managements decision to use cash to invest in Capital Assets. For more detail see "Capital Assets and Debt Administration" below.

Liabilities decreased by \$411,190. All liabilities went down except other non-current liabilities which increased by \$55,614 due to an additional Family Self Sufficiency counselor being added to our Housing Choice Voucher program, nearly doubling our program and clients. Accrued compensated absences current portion went down \$10,945 and long term went up by \$8,807 thus a reduction of \$2,138. OPEB or legacy liability of accrued sick and vacation time prior to the asset based accounting conversion went down by \$4,051. Therefore the liability of Accrued Sick and Vacation balances went down by \$6,189.

Bank overdraft	\$ (283,335)
Accounts payable-vendor	(61,172)
Accrued compensated absences	(2,138)
Accrued wages	(6,632)
Accounts payable- HUD	(69,081)
Tenant security deposits	(1,631)
Deferred revenue	(32,486)
Other non-current liabilities	55,614
OPEB liability	(4,051)
Accrued payable-other government	(1,315)
Other miscellaneous liabilities	<u>(4,963)</u>
	<u>\$ (411,190)</u>

THE HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

Table 2 presents details on the change in Unrestricted Net Assets

**TABLE 2**  
**CHANGE OF UNRESTRICTED NET ASSETS**

	Thousands of dollars
Unrestricted Net Assets 03/31/11	\$2,938.3
Results of Operations – total	388.2
Results restricted net assets	(85.6)
Capital Assets increased	<u>(19.9)</u>
Unrestricted Net Assets 3/31/12	<u>\$3,221</u>

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

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**TABLE 3**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

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

	2012 (Thousands of dollars)	2011 (Thousands of dollars)
<b>Revenues</b>		
Tenant revenue – rents and other	\$1,045.9	\$ 1,043.0
Operating subsidies and grants	6,801.1	6,776.1
Capital grants	465.2	704.4
Other fees	-	125.8
Investment income-unrestricted	18.1	20.3
Fraud recovery revenue	52.2	103.6
Other revenue	168.5	101.7
Investment-restricted	<u>3.3</u>	<u>3.3</u>
<b>Total Revenue</b>	<u><b>8,554.3</b></u>	<u><b>8,878.2</b></u>
<b>Expenses</b>		
Administrative	1,593.9	1,669.2
Tenant services	12.5	10.9
Utilities	297.9	318.2
Maintenance	1,144.8	1,053.5
Insurance	183.9	183.9
Protective services	56.7	64.8
General	127.6	133.2
Extraordinary maintenance	8.8	35.6
Casualty loss	.6	1.0
Depreciation	713.3	788.6
Housing assistance payments	<u>4,026.0</u>	<u>3,950.3</u>
<b>Total Expenses</b>	<u><b>8,166.0</b></u>	<u><b>8,209.2</b></u>
<b>Net Increase</b>	<u><b>\$ 388.3</b></u>	<u><b>\$ 669.0</b></u>

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

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

Tenant revenue decreased \$2,275 due to lower than expected occupancy. Other tenant revenue was increased by \$5,153. This was an increase in tenant charges on work orders and non-dwelling rentals. Occupancy for the following years is listed:

2009	93.03%
2010	96.15%
2011	96.28%
2012	94.95%

Operating Subsidies was increased slightly (.37%). Capital grants revenue (FDS line 706.1) decreased by (34%) or \$239,148. The grant stimulus labeled "ARRA" was closed in the prior year. Investment income has only slightly decreased by \$2,237 mainly due to lower interest rate upon and a reduction of Certificate of Deposits.

Operating expenses decreased overall by \$16,024. Administrative expenses decreased \$75,225 due to decreased staff \$104,707 and training of \$28,610. These were offset by an increase in office expense of \$50,547. Utilities decreased by \$20,286 - electricity was up by \$13,773 but gas pricing reductions more than made up for the increase by dropping \$42,917. Protective services decreased by \$8,100. Maintenance costs were increased by \$91,364 due to increases in contract costs. Material and Maintenance Labor both decreased.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of the year end, the Authority had \$9,014,388 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$19,922 from the end of last year.

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**CAPITAL ASSETS AND DEBT ADMINISTRATION—Continued**

**TABLE 4**

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

	Business-type Activities	
	2012	2011
Land and land rights	\$ 1,065,518	\$ 1,065,518
Buildings	16,091,717	15,990,117
Equipment – Administrative	474,769	414,156
Equipment - Dwelling	783,746	598,079
Leasehold Improvements	12,389,030	11,362,404
Accumulated Depreciation	(21,801,108)	(21,125,052)
Construction In Progress	10,716	689,244
	\$9,014,388	\$8,994,466

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

Beginning Balance	\$8,994,466
Additions	736,528
Construction in Progress	8,656
Retirements	(11,968)
Depreciation	(713,294)
Ending Balance	\$9,014,388

This year's major additions are:

Business – Type Activities

Capital Improvements Programs

(Modernization completed on variety of the  
Authority's Public Housing complexes)

Equipment Purchases-Administrative	\$ 374,620
Equipment Purchases-Maintenance	\$ 60,613
Building complete-transfer from CIP	\$ 185,667
	\$ 101,600

**THE HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS—Continued

**Debt Outstanding**

As of year-end, the Authority had no outstanding debts.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Joan Lau, Director of Finance of the Housing Authority of the City of Elkhart, at (574) 295-8392. Specific requests may be submitted to Joan Lau, Director of Finance, Housing Authority of the City of Elkhart, 1396 Benham Ave, Elkhart, IN 46516.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

**STATEMENT OF NET ASSETS-PROPRIETARY FUND**  
March 31, 2012

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 2,457,751
Investments	1,300,000
Accounts receivable - PHA projects	6,750
Accounts receivable - tenants, net	29,279
Accounts receivable - HUD	358,647
Accounts receivable - other	42,511
Accrued interest receivable	6,191
Inventory - materials and supplies	70,466
Other assets	56,382
	56,382

**TOTAL CURRENT ASSETS** 4,327,977

**PROPERTY AND EQUIPMENT**

Land	1,065,518
Buildings	16,091,717
Furniture, equipment and machinery	1,258,515
Leasehold improvements	12,389,030
Construction in progress	10,716
	30,815,496
Total property and equipment	30,815,496
Less accumulated depreciation	(21,801,108)
	9,014,388

**PROPERTY AND EQUIPMENT, NET** 9,014,388

**TOTAL ASSETS** \$ 13,342,365

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 54,802
Accounts payable - HUD	4,107
Accounts payable - other government	59,266
Accrued compensated absences	71,490
Accrued wages/payroll taxes payable	43,157
Security deposits	86,263
Deferred revenues	18,031
Other current liabilities	9,750
	9,750

**TOTAL CURRENT LIABILITIES** 346,866

**NON CURRENT LIABILITIES**

Accrued compensated absences, net of current portion	54,358
Accrued pension	27,627
Other non current liabilities	119,530
	119,530

**TOTAL NON CURRENT LIABILITIES** 201,515

**TOTAL LIABILITIES** 548,381

**NET ASSETS**

Invested in capital assets	9,014,388
Unrestricted net assets	3,309,295
Restricted net assets	470,301
	470,301

**TOTAL NET ASSETS** 12,793,984

**TOTAL LIABILITIES AND NET ASSETS** \$ 13,342,365

See notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-PROPRIETARY FUND  
for the year ended March 31, 2012

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 1,045,848
HUD PHA operating grants	6,801,104
Fraud recovery	52,197
Other revenue	<u>168,534</u>
<b>TOTAL OPERATING REVENUE</b>	<u>8,067,683</u>
 <b>OPERATING EXPENSES</b>	
Administration	1,593,941
Tenant service	12,438
Utilities	297,925
Ordinary maintenance and operations	1,144,822
Protective services	56,674
Insurance premiums	183,908
Other general expenses	127,573
Housing assistance payments	4,025,993
Depreciation	<u>713,294</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>8,156,568</u>
Operating loss	<u>(88,885)</u>
 <b>NONOPERATING REVENUE (EXPENSES)</b>	
Interest and investment revenue	21,361
Extraordinary maintenance and casualty losses	<u>(9,420)</u>
<b>TOTAL NONOPERATING REVENUE</b>	<u>11,941</u>
Loss before capital grant	(76,944)
Capital fund grant	<u>465,230</u>
<b>CHANGE IN NET ASSETS</b>	388,286
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>12,405,698</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 12,793,984</u>

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
for year ended March 31, 2012

<b>OPERATING ACTIVITIES</b>	
Cash received from tenant	\$ 1,053,062
HUD PHA grants	6,465,586
Other cash received	225,545
Payments to employees and suppliers	<u>(7,522,840)</u>
Net cash provided by operating activities	<u>221,353</u>
<b>INVESTING ACTIVITIES</b>	
Interest earned	27,115
Redemption of certificates of deposit, net	<u>600,000</u>
Net cash provided by investing activities	<u>627,115</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital grant receipts	465,230
Purchase of property and equipment	<u>(707,946)</u>
Net cash used by capital and related financing activities	<u>(242,716)</u>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>	
Extraordinary maintenance and casualty losses	<u>(9,420)</u>
Cash used by non-capital financing activities	<u>(9,420)</u>
Net increase in cash and cash equivalents	596,332
<b>OPERATING CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>1,861,419</u>
End of year	<u>\$ 2,457,751</u>
<b>OPERATING ACTIVITIES</b>	
Operating loss	\$ (88,885)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	713,294
Collection losses	45,866
(Increase) decrease in:	
Accounts receivable - tenants	(38,652)
Accounts Receivable - PHA projects	(6,750)
Accounts receivable - HUD	(266,437)
Accounts receivable - other	11,564
Inventory - materials and supplies	1,953
Other assets	2,524
Increase (decrease) in:	
Accounts payable	(86,442)
Accounts payable - HUD	(69,081)
Accounts payable - other government	(1,314)
Accrued compensated absences	(2,138)
Accrued wages/payroll taxes payable	(6,632)
Security deposits	(1,631)
Deferred revenue	(32,486)
Other current liabilities	(4,963)
Accrued pension	(4,051)
Other non current liabilities	<u>55,614</u>
Net cash provided by operating activities	<u>\$ 221,353</u>

See notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Housing Authority of Elkhart (the "Authority") is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Housing Authority of the City of Elkhart was established by the City of Elkhart pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The 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.

Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Elkhart 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 of Elkhart 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 Elkhart is a separate reporting entity. All funds and programs of the Authority are included in these statements.

The Authority has a component unit consisting of two non-profit sister corporations. The first is known as Housing Finance Corporation. The Housing Finance Corporation was formed to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the United States Housing Act of 1937 and the regulations promulgated thereunder.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

Reporting Entity—Continued

The second non-profit corporation, Elkhart Community Housing Corporation was formed to provide affordable, decent, and safe housing to low and moderate income people within the City of Elkhart and Elkhart County.

Basis 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.

In accordance with Governmental Accounting Standards Board (GASB), the Authority's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except those that conflict with or contradict a GASB pronouncement.

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.

Funds

Each of the programs of the 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 Authority are:

- Low Rent Public Housing
- Housing Choice Vouchers
- Section 8 New Construction and Substantial Rehabilitation
- Housing Counseling
- Capital Fund Program
- Resident Opportunity and Supportive Services
- Elkhart Community Foundation Grant (State and Local)
- Component Unit (Housing Finance Corporation and Elkhart Community Housing Corp)

These programs are all accounted for within the proprietary (enterprise) fund. Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets, Restricted Net Assets, and Unrestricted Net Assets.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the practice of the Authority considers 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.

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 assets and have been eliminated in the financial statements.

Accounts Receivable

The tenants accounts receivable discloses the amount due from the tenants at March 31, 2012, and does not take into consideration prepaid amounts. The Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The 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. The allowance for doubtful accounts was \$23,329 at March 31, 2012. Management believes all other receivables as of March 31, 2012 were collectible and no allowance was necessary.

Inventories and Materials

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

Investments

Investments, consisting of certificates of deposit, are stated at cost which approximates market.

Property and Equipment

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 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.

Property and equipment contains the following:

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

Property and Equipment—Continued

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

Buildings	10-50 years
Equipment	5-15 years
Transportation equipment	5-15 years
Furniture and fixtures	5-15 years
Leasehold improvements	10-50 years

Net Assets

Net assets are classified into three components as defined below:

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

Income Tax

The Authority has qualified with the Internal Revenue Service and the Indiana Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes. Management has determined that the application of FIN 48 has no effect on its financial statements.

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 Capital Fund Program grants and ROSS 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.

Budget

The 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 for approval.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

Revenue Recognition

Rental income is recognized as rents become due.

Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 885, *Subsequent Events*, the Authority has evaluated events and transactions for potential recognition or disclosure through December 27, 2012, the date the financials were available to be issued.

**NOTE 2—CASH AND INVESTMENTS**

Statutes authorize the 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 ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 2—CASH AND INVESTMENTS—Continued**

**Credit Risk**

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.

**Concentration of Credit Risk**

Concentration 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.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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 carrying value of cash and cash equivalents and certificates of deposit owned at March 31, 2012 was \$2,457,751 and \$1,300,000, respectively. The bank balance of cash and cash equivalents and certificates of deposit owned at March 31, 2012 was \$2,518,473 and \$1,300,000, respectively.

**NOTE 3—INVESTMENTS**

At March 31, 2012, investments consist of 13 certificates of deposit totaling \$1,300,000 with varying interest rate and maturity dates. The certificates of deposit are held with three financial institutions. Cost approximates fair value.

**NOTE 4—PROPERTY AND EQUIPMENT**

The following is the detailed transactions of property and equipment during the year ended March 31, 2012:

	Balance at 04/01/11	Additions	Disposals	Transfers	Balance at 03/31/12
Land	\$ 1,065,518	\$ -	\$ -	\$ -	\$ 1,065,518
Buildings	15,990,117	-	-	101,600	16,091,717
Equipment and furniture	1,012,235	258,248	(11,968)	-	1,258,515
Leasehold improvements	11,362,404	441,042	-	585,584	12,389,030
Construction in progress	689,244	8,656	-	(687,184)	10,716
	<u>\$ 30,119,518</u>	<u>\$ 707,946</u>	<u>\$ (11,968)</u>	<u>\$ -</u>	<u>\$ 30,815,496</u>

Total depreciation expense for the year ended March 31, 2012 was \$713,294.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 5—RESTRICTED NET ASSETS**

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing authority in excess of actual program expenses for the same period must be maintained as restricted net assets to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$469,301 as restricted net assets at March 31, 2012 in the Housing Choice Voucher Program. In addition, \$1,000 has been restricted within the COCC at March 31, 2012 related to cash restricted for current liabilities. Total restricted net assets at March 31, 2012 is \$470,301.

**NOTE 6—COMPENSATED ABSENCES**

Sick Leave

Employees may be paid for leave taken due to illness. Sick leave is accumulated at the rate of 3.69 hours per pay period. Any employee having more than four hundred eighty (480) hours accumulated sick leave forfeits accumulated pay for any hours over four hundred eighty (480) hours. An employee may take hours in excess of four hundred eighty (480) hours for illness at the discretion of the Executive Director.

Employees who voluntarily terminate employment shall be paid a lump sum for fifty percent (50%) of any accumulated sick leave up to two hundred forty (240) hours for four hundred eighty (480) or more hour's accumulated sick leave.

However, if the separation is the result of retirement at or after the age of 62 and the employee has five (5) or more years of continuous service prior to retirement, the employee shall be paid one hundred percent (100%) of the accumulated sick leave up to two hundred forty (240) hours pay for four hundred eighty (480) or more hours of accumulated sick leave.

The accrued compensated absence liability at March 31, 2012 was \$125,848, of which \$71,490 is recognized as current.

Annual Leave

Annual leave with pay shall be earned by all full time employees at the following rates:

Beginning the first pay date following employment, the employees shall earn 3.08 hours of annual leave time per pay period. The employee shall continue to earn annual leave at this rate through the end of the fifth year of continuous service.

After five (5) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 4.62 hours of annual leave time per pay period.

After ten (10) years of continuous service and beginning in the first month of the eleventh year of employment, the employee shall earn 6.15 hours of annual leave time per pay period.

After fifteen (15) years of continuous service and beginning in the first month of the sixteenth year of employment, the employee shall earn 7.15 hours per pay period.

Employees may accrue time up to twenty-five (25) working days (200) hours. Hours accrued in excess of 200 shall not be posted and shall not be paid. It will be at the discretion of the Department Director/Executive Director to waive the loss of excess hours accrued over 200 when an employee is not able to take any annual time off at the time the excess hours are accrued.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 7—DEFINED CONTRIBUTION PLAN**

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate. The Plan requires the Authority to contribute 12.5% of the employee's base salary each month. The Authority's contribution for each employee is vested after 5 years. The Authority's contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. For the fiscal year ended March 31, 2012, actual contributions by the Authority were \$109,588 based on \$1,402,682 of wage and salary expense.

**NOTE 8—ALLOCATION OF COSTS**

The Authority 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 9—CONTINGENCIES**

In the normal course of operations, the 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 10—MAJOR FUNDING SOURCE**

The Authority is substantially funded by Federal awards. This funding is subject to federal government appropriations and potential funding reductions. Management does not anticipate any material change in funding.

**NOTE 11—RISK MANAGEMENT**

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements.

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
for the year ended March 31, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Counseling Assistance Program	14.169	\$ 32,030
Low Rent Public Housing	14.850	1,953,840
Resident Opportunity and Supportive Services	14.870	43,433
Section 8 Housing Choice Vouchers	14.871	4,436,563
Public Housing Capital Fund Program	14.872	<u>800,468</u>
		<u>\$7,266,334</u>

**Basis of Presentation**

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**HOUSING AUTHORITY OF THE CITY OF ELKHART**  
Elkhart, Indiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
for the year ended March 31, 2012

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Housing Authority of City of Elkhart (the "Authority").
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' 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.
5. The auditors' report on compliance for the major federal award programs for the Authority expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to major federal award programs for the Authority which are required to be reported under Section 510(a) of OMB Circular A-133 are reported in the Schedule of Findings and Questioned Costs.
7. The programs tested as major programs included:

<u>Description</u>	<u>Federal CFDA No.</u>
Section 8 Housing Choice Vouchers	14.871

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Authority was not determined to be a low-risk auditee.

**B. FINDINGS—FINANCIAL STATEMENTS AUDIT**

None.

**C. FINDINGS—MAJOR FEDEAL AWARD PROGRAMS AUDIT**

None.

HOUSING AUTHORITY OF THE CITY OF ELKHART  
Elkhart, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
for the year ended March 31, 2012

**Item 2011-01 Bank Reconciliations**

**Condition:** At March 31, 2011, the reconciled bank balance did not agree to the general ledger balance. The difference totaled approximately \$200,000. Varying differences were also noted throughout the year including at March 31, 2010.

**Recommendation:** We recommend bank accounts be reconciled and all differences between the general ledger and bank balances are investigated on a timely basis by appropriate accounting personnel so that errors and adjustments can be quickly identified and corrected.

**Status:** At March 31, 2012, the reconciled bank balance agrees to the general ledger balance. This item is not a finding at March 31, 2012.

**Item 2011-02 Material Adjusting Journal Entries**

**Condition:** During the year ended March 31, 2011, material journal entries, primarily to cash and net assets, were proposed to correct material misstatements in the Authority's accounting records.

**Recommendation:** Management should review its policies and procedures to ensure all accounts are reconciled.

**Status:** Although certain journal entries were required during the year ended March 31, 2012, we believe management has implemented controls to reconcile account balances in a timely manner.

**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 Elkhart  
Elkhart, Indiana

We have audited the financial statements of the Housing Authority of City of Elkhart (the "Authority") as of and for the year ended March 31, 2012, and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Authority, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

*McCauley, Nicolas & Company, LLC*  
McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 27, 2012

INDEPENDENT AUDITORS' 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 Elkhart  
Elkhart, Indiana

Compliance

We have audited the Housing Authority of City of Elkhart's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

### Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Authority, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 27, 2012

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Elkhart (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the OMB Circular A-133 reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the Housing Authority as of and for the year ended March 31, 2012, and have issued our reports thereon dated December 27, 2012. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated December 27, 2012 was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package required by OMB Circular A-133, which includes the auditors' reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 28, 2012

**ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURE**

	UFRS RULE	HARD COPY		DOES
PROCEDURE	INFORMATION	DOCUMENT(S)	AGREES	NOT
				AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	X	
4	Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form*	X	
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Balance Sheet Summary

		Submission Type: Audited/A-133		Fiscal Year End: 03/31/2012															
		Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	14,169 Housing Counseling Assistance Program	14,870 Resident Opportunity and Supportive Services	14,182 NIC S/R Section 8 Programs	COCG	Subtotal	ELIM	Total							
111	Cash - Unrestricted	1,475,137	213,559	51,932	2,776	533	4,279		147,994	1,896,210		1,896,210							
112	Cash - Restricted - Modernization and Development	5,977	469,301	3,000						475,278		475,278							
113	Cash - Other Restricted	82,263								85,263		85,263							
114	Cash - Tenant Security Deposits								1,000	1,000		1,000							
115	Cash - Restricted for Payment of Current Liabilities	1,563,377	682,860	54,932	2,776	533	4,279		148,994	2,457,751		2,457,751							
100	Total Cash																		
121	Accounts Receivable - PHA Projects		6,750							6,750		6,750							
122	Accounts Receivable - HUD Other Projects	261,579	66,451			2,995	27,622			356,647		356,647							
124	Accounts Receivable - Other Government																		
125	Accounts Receivable - Miscellaneous	40	14,471	2,292					2,763	19,566		19,566							
126	Accounts Receivable - Tenants	52,609								52,609		52,609							
126.1	Allowance for Doubtful Accounts - Tenants	(23,329)								(23,329)		(23,329)							
126.2	Allowance for Doubtful Accounts - Other								(59)	(59)		(59)							
127	Notes, Loans, & Mortgages Receivable - Current	23,004								23,004		23,004							
128	Fraud Recovery																		
128.1	Allowance for Doubtful Accounts - Fraud																		
129	Accrued Interest Receivable		341							341		341							
120	Total Receivables, Net of Allowances for Doubtful Accounts	313,902	86,013	2,292		2,995	27,622		8,554	443,378		443,378							
131	Investments - Unrestricted		200,000							1,300,000		1,300,000							
132	Investments - Restricted																		
135	Investments - Restricted for Payment of Current Liability																		
142	Prepaid Expenses and Other Assets	3,329	5,054			533			47,466	56,382		56,382							
143	Inventories	25,185							46,656	71,841		71,841							
143.1	Allowance for Obsolete Inventories	(375)							(1,000)	(1,375)		(1,375)							
144	Inter Program Due From								67,606	67,606		67,606							
145	Assets Held for Sale																		
150	Total Current Assets	1,905,418	975,927	57,224	2,776	4,061	31,901		1,418,276	4,396,583		4,327,977							
161	Land	783,644	41,586	140,278					100,000	1,065,518		1,065,518							
162	Buildings	14,371,169		381,732					1,338,816	16,091,717		16,091,717							
163	Furniture, Equipment & Machinery - Dwellings	311,090	31,742						440,914	783,746		783,746							
164	Furniture, Equipment & Machinery - Administration	107,959	32,374			3,141			331,295	474,769		474,769							
165	Leasehold Improvements	11,273,464							1,115,566	12,389,030		12,389,030							
166	Accumulated Depreciation	(18,627,917)	(71,715)	(21,050)		(291)			(2,080,135)	(21,801,108)		(21,801,108)							
167	Construction in Progress	3,819							6,897	10,716		10,716							
168	Infrastructure																		
160	Total Capital Assets, Net of Accumulated Depreciation	7,223,228	33,997	500,960		2,850			1,253,353	9,014,388		9,014,388							
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	7,223,228	33,997	500,960		2,850			1,253,353	9,014,388		9,014,388							
190	Total Assets	9,128,646	1,009,924	558,184	2,776	6,911	31,901		2,671,629	13,409,971		13,409,971							
311	Bank Overdraft																		
312	Accounts Payable <= 90 Days	33,232	355			533			20,662	54,802		54,802							

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.162 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	11,533	8,637	-	-	172	1,088	-	21,727	43,157	-	43,157
322 Accrued Compensated Absences - Current Portion	16,460	11,737	-	-	-	1,495	-	41,798	71,490	-	71,490
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	3,112	-	-	-	-	-	995	4,107	-	4,107
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	59,256	-	-	-	-	-	-	59,266	59,266	-	59,266
341 Tenant Security Deposits	82,263	-	3,000	-	-	-	-	1,000	85,263	-	85,263
342 Deferred Revenues	18,031	-	-	-	-	-	-	-	18,031	-	18,031
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	3,396	-	-	-	-	-	6,354	9,750	-	9,750
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	36,456	-	-	3,529	27,621	-	-	67,606	(67,606)	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	220,785	63,693	3,000	-	4,234	30,204	-	92,556	414,472	(67,606)	346,866
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	5,977	113,553	-	-	-	-	-	-	119,530	-	119,530
354 Accrued Compensated Absences - Non Current	7,925	3,966	-	-	-	827	-	41,640	54,358	-	54,358
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	13,902	117,519	-	-	-	827	-	27,627	21,627	-	21,627
300 Total Liabilities	234,687	181,212	3,000	-	4,234	31,031	-	161,623	615,987	(67,606)	548,381
508.1 Invested in Capital Assets, Net of Related Debt	7,223,228	33,997	500,960	-	2,850	-	-	1,253,353	9,014,388	-	9,014,388
511.1 Restricted Net Assets	-	469,301	-	-	-	-	-	1,000	470,301	-	470,301
512.1 Unrestricted Net Assets	1,670,731	325,414	54,224	2,776	(173)	870	-	1,255,453	3,309,295	-	3,309,295
513 Total Equity/Net Assets	8,893,959	828,712	555,184	2,776	2,677	870	-	2,509,806	12,793,984	-	12,793,984
600 Total Liabilities and Equity/Net Assets	9,128,646	1,009,924	558,184	2,776	6,911	31,901	-	2,671,629	13,409,971	(67,606)	13,342,365

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Revenue and Expense Summary

		Submission Type: Audited/A-133		Fiscal Year End: 03/31/2012											
		Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	14,169 Housing Counseling Assistance Program	14,870 Resident Opportunity and Supportive Services	14,182 NIC SFR Section 8 Programs	COC	Subtotal	ELIM	Total			
70300 Net Tenant Rental Revenue		935,750		17,654						953,404		953,404			
70400 Tenant Revenue - Other		70,003		750					21,691	92,444		92,444			
70500 Total Tenant Revenue		1,005,753		18,404					21,691	1,045,848		1,045,848			
70600 HUD PHA Operating Grants		2,289,078	4,436,563			32,030	43,433			6,801,104		6,801,104			
70610 Capital Grants		465,230								465,230		465,230			
70710 Management Fee									570,753	570,753	(570,753)	-			
70720 Asset Management Fee									80,640	80,640	(80,640)	-			
70730 Book Keeping Fee									80,318	80,318	(80,318)	-			
70740 Front Line Service Fee									603,896	603,896	(603,896)	-			
70750 Other Fees															
70700 Total Fee Revenue									1,335,607	1,335,607	(1,335,607)	-			
70800 Other Government Grants															
71100 Investment Income - Unrestricted			72						18,000	18,072		18,072			
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale															
71310 Cost of Sale of Assets		28,029	24,168							52,197		52,197			
71400 Fraud Recovery															
71500 Other Revenue		94,393	51,792	16,224					6,125	168,534		168,534			
71600 Gain or Loss on Sale of Capital Assets															
72000 Investment Income - Restricted			2,555	1					753	3,289		3,289			
70000 Total Revenue		3,882,463	4,515,130	34,629		32,030	43,433		1,382,176	9,889,881	(1,335,607)	8,554,274			
91100 Administrative Salaries		223,216	241,626			7,095	29,470			992,626		992,626			
91200 Auditing Fees		8,662	5,085						4,177	17,924		17,924			
91300 Management Fee		518,343	52,410							570,753	(570,753)	-			
91310 Book-keeping Fee		58,471	21,847							80,318	(80,318)	-			
91400 Advertising and Marketing		2,168	797			1,951			2,773	7,689		7,689			
91500 Employee Benefit contributions - Administrative		82,112	84,737			1,421	10,144		186,808	365,222		365,222			
91600 Office Expenses		64,986	17,979	50		16,562			99,104	200,681		200,681			
91700 Legal Expense		2,761							2,694	5,455		5,455			
91800 Travel		4,281	33						30	4,344		4,344			
91810 Allocated Overhead															
91900 Other															
91000 Total Operating - Administrative		965,000	424,514	50		29,032	39,614		786,802	2,245,012	(651,071)	1,593,941			
92000 Asset Management Fee		80,640								80,640	(80,640)	-			

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.182 NIC S/R Section 8 Programs	COC	Subtotal	ELIM	Total
92100 Tenant Services - Salaries											
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other	12,438								12,438		12,438
92500 Total Tenant Services	12,438								12,438		12,438
93100 Water	31,879		98					2,516	34,493		34,493
93200 Electricity	139,414		75					19,510	156,999		156,999
93300 Gas	61,223		100					9,425	70,748		70,748
93400 Fuel											
93500 Labor											
93600 Sewer	32,986							699	33,685		33,685
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93900 Total Utilities	265,502		273					32,150	297,925		297,925
94100 Ordinary Maintenance and Operations - Labor	110,972		153					270,187	381,312		381,312
94200 Ordinary Maintenance and Operations - Materials and Other	139,513	720	6,019					18,945	165,197		165,197
94300 Ordinary Maintenance and Operations Contracts	948,442	6,401	6,309					90,139	1,051,291	(603,896)	447,395
94500 Employee Benefit Contributions - Ordinary Maintenance	37,474							113,444	150,918		150,918
94600 Total Maintenance	1,236,401	7,121	12,481					492,715	1,748,718	(603,896)	1,144,822
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs	55,300							1,374	56,674		56,674
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services											
95600 Total Protective Services	55,300							1,374	56,674		56,674
96110 Property Insurance	95,446		1,757					2,630	99,833		99,833
96120 Liability Insurance	28,578							1,200	29,778		29,778
96130 Workmen's Compensation	6,107	4,055						10,996	21,158		21,158
96140 All Other Insurance	7,895	2,198	1,005					22,041	33,139		33,139
96160 Total Insurance Premiums	138,026	6,253	2,762					36,867	183,908		183,908
96200 Other General Expenses											
96210 Compensated Absences	2,097	3,063				1,107		7,790	14,057		14,057
96300 Payments in Lieu of Taxes	59,266		8,384						67,650		67,650
96400 Bad debt - Tenant Rents	40,930								40,930		40,930
96500 Bad debt - Mortgages											

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.169 Housing Counseling Assistance Program	14.870 Resident Opportunity and Supportive Services	14.182 NIC SIF Section 8 Programs	COCC	Subtotal	ELIM	Total
96600 Bad debt - Other		4,936							4,936		4,936
96800 Severance Expense											
96800 Total Other General Expenses	102,293	7,999	8,364	-	-	1,107	-	7,790	127,573	-	127,573
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	-	-	-	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	2,855,600	445,887	23,950	-	29,032	40,721	-	1,357,698	4,752,888	(1,335,607)	3,417,281
97000 Excess of Operating Revenue over Operating Expenses	1,026,883	4,069,243	10,679	-	2,998	2,712	-	24,478	5,136,993	-	5,136,993
97100 Extraordinary Maintenance	8,819								8,819		8,819
97200 Casualty Losses - Non-capitalized	601								601		601
97300 Housing Assistance Payments	4,388	3,932,949							3,937,337		3,937,337
97350 HAP Portability-In		88,656							88,656		88,656
97400 Depreciation Expense	588,270	3,056	8,543		291			113,134	713,294		713,294
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	3,457,678	4,470,548	32,493	-	29,323	40,721	-	1,470,832	9,501,595	(1,335,607)	8,166,988
10010 Operating Transfer In											
10020 Operating Transfer Out	335,237								335,237		335,237
10030 Operating Transfers from/to Primary Government	(335,237)								(335,237)		(335,237)
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)	-								-		-

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	14,169 Housing Counseling Assistance Program	14,870 Resident Opportunity and Supportive Services	14,182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	424,805	44,582	2,136	-	2,707	2,712	-	(88,656)	388,286	-	388,286
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-
11030 Beginning Equity	8,469,154	491,886	553,048	2,776	(30)	(1,842)	292,234	2,598,462	12,405,698	-	12,405,698
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	292,234	-	-	-	-	(292,234)	-	-	-	-
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	-	359,411	-	-	-	-	-	-	359,411	-	359,411
11180 Housing Assistance Payments Equity	-	469,301	-	-	-	-	-	-	469,301	-	469,301
11190 Unit Months Available	7,992	8,724	36	-	-	-	-	-	16,752	-	16,752
11210 Number of Unit Months Leased	7,725	8,000	36	-	-	-	-	-	15,761	-	15,761
11270 Excess Cash	1,412,553	-	-	-	-	-	-	-	1,412,553	-	1,412,553
11610 Land Purchases	-	-	-	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	465,230	-	-	-	-	-	-	-	465,230	-	465,230
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN026000003	IN026000001	IN026000004	IN026000007	IN026000002	Total
111 Cash - Unrestricted	274,167					
112 Cash - Restricted - Modernization and Development		233,807	206,394	652,934	107,835	1,475,137
113 Cash - Other Restricted	1,731	3,416	551		279	5,977
114 Cash - Tenant Security Deposits	10,199	8,964	17,925	11,734	33,441	82,263
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	286,097	246,187	224,870	664,668	141,555	1,563,377
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	31,518	28,601	56,616	26,051	118,793	261,579
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous				40		40
126 Accounts Receivable - Tenants	15,827	7,855	12,465	9,259	7,202	52,608
126.1 Allowance for Doubtful Accounts - Tenants	-6,473	-687	-6,100	-4,984	-5,085	-23,329
126.2 Allowance for Doubtful Accounts - Other	0	0	0	0	0	0
127 Notes, Loans, & Mortgages Receivable - Current	6,032	2,340	11,310	991	2,331	23,004
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	46,904	38,109	74,291	31,357	123,241	313,902
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets						
143 Inventories	878	833	105	1,301	212	3,329
143.1 Allowance for Obsolete Inventories	-100	-150		-125		-375
144 Inter Program Due From	0					0
145 Assets Held for Sale						
150 Total Current Assets	340,717	295,702	299,266	704,725	265,008	1,905,418
161 Land	42,165	47,499	100,913	206,656	386,411	763,644
162 Buildings	1,797,545	2,330,955	2,465,692	4,853,062	2,923,915	14,371,169
163 Furniture, Equipment & Machinery - Dwellings	23,857	111,009	97,705	53,284	25,235	311,090
164 Furniture, Equipment & Machinery - Administration	40,853	24,028	6,870	36,208	0	107,959
165 Leasehold Improvements	1,522,001	895,720	2,984,671	870,292	5,000,780	11,273,464
166 Accumulated Depreciation	-2,816,191	-2,723,795	-4,540,864	-3,665,406	-5,881,661	-19,627,917
167 Construction in Progress				3,819	0	3,819
168 Infrastructure				0	0	0
160 Total Capital Assets, Net of Accumulated Depreciation	610,230	685,416	1,114,987	2,357,915	2,454,680	7,223,228
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	610,230	685,416	1,114,987	2,357,915	2,454,680	7,223,228
190 Total Assets	950,947	981,118	1,414,253	3,062,640	2,719,688	9,128,646
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	10,664	7,450	3,608	3,319	8,191	33,232
313 Accounts Payable >90 Days Past Due		0				0
321 Accrued Wage/Payroll Taxes Payable	2,780	2,007	1,383	2,850	2,513	11,533
322 Accrued Compensated Absences - Current Portion	2,711	2,013	1,805	5,172	4,759	16,460
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	21,300	12,217	5,272	16,809	3,668	59,266
341 Tenant Security Deposits	10,199	8,964	17,925	11,734	33,441	82,263
342 Deferred Revenues	3,093	4,299	346	5,421	4,872	18,031
343 Current Portion of Long-term Debt - Capital Projects/Mortgage						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	50,747	36,950	30,339	45,305	57,444	220,785

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN026000003	IN026000001	IN026000004	IN026000007	IN026000002	Total
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	1,731	3,416	551		279	5,977
354 Accrued Compensated Absences - Non Current	871	838	1,256	1,984	2,976	7,925
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	2,602	4,254	1,807	1,984	3,255	13,902
300 Total Liabilities	53,349	41,204	32,146	47,289	60,699	234,687
508.1 Invested In Capital Assets, Net of Related Debt	610,230	685,416	1,114,987	2,357,915	2,454,680	7,223,228
511.1 Restricted Net Assets		0			0	0
512.1 Unrestricted Net Assets	287,368	254,498	267,120	657,436	204,309	1,670,731
513 Total Equity/Net Assets	897,598	939,914	1,382,107	3,015,351	2,658,989	8,893,959
600 Total Liabilities and Equity/Net Assets	950,947	981,118	1,414,253	3,062,640	2,719,688	9,128,646

Housing Authority of the City of Elkhart (IN026)

ELKHART, IN

Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN026000003	IN026000001	IN026000004	IN026000007	IN026000002	Total
70300 Net Tenant Rental Revenue	291,186	219,944	73,229	301,474	49,917	935,750
70400 Tenant Revenue - Other	10,918	9,115	10,060	14,161	25,749	70,003
70500 Total Tenant Revenue	302,104	229,059	83,289	315,635	75,666	1,005,753
70600 HUD PHA Operating Grants	297,583	317,785	464,711	291,658	917,341	2,289,078
70610 Capital Grants				3,819	461,411	465,230
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted						
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	1,538	2,112	9,770	1,116	13,493	28,029
71500 Other Revenue	25,167	17,453	10,521	21,218	20,034	94,393
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	626,392	566,409	568,291	633,446	1,487,945	3,882,483
91100 Administrative Salaries	45,270	31,312	29,039	44,149	73,446	223,216
91200 Auditing Fees	1,637	1,314	1,263	1,895	2,553	8,662
91300 Management Fee	99,097	79,394	75,890	115,863	148,099	518,343
91310 Book-keeping Fee	11,198	8,970	8,550	13,095	16,658	58,471
91400 Advertising and Marketing	370	586	329	228	655	2,168
91500 Employee Benefit contributions - Administrative	15,854	11,166	10,708	15,282	29,102	82,112
91600 Office Expenses	8,617	18,853	4,080	7,105	28,331	64,986
91700 Legal Expense				715	2,046	2,761
91800 Travel		1,376	443	1,057	1,405	4,281
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	182,043	152,971	130,302	199,389	300,295	965,000
92000 Asset Management Fee	15,240	12,240	11,760	17,640	23,760	80,640
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	2,272	2,412	1,819	2,210	3,725	12,438
92500 Total Tenant Services	2,272	2,412	1,819	2,210	3,725	12,438
93100 Water	7,137	8,672	2,310	7,465	6,295	31,879
93200 Electricity	49,789	46,452	1,965	34,635	6,573	139,414
93300 Gas	19,694	6,747	2,075	20,267	12,440	61,223
93400 Fuel						
93500 Labor						
93600 Sewer	8,388	8,584	1,116	8,350	6,548	32,986
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	85,008	70,455	7,466	70,717	31,856	265,502
94100 Ordinary Maintenance and Operations - Labor	28,627	24,568	11,546	36,189	10,042	110,972
94200 Ordinary Maintenance and Operations - Materials and Other	15,564	16,714	19,405	31,559	56,271	139,513
94300 Ordinary Maintenance and Operations Contracts	126,820	114,012	164,556	78,397	464,657	948,442
94500 Employee Benefit Contributions - Ordinary Maintenance	5,538	2,569	2,611	21,804	4,952	37,474
94000 Total Maintenance	176,549	157,863	198,118	167,949	535,922	1,236,401
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	11,054	11,670	150	11,027	21,399	55,300
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	11,054	11,670	150	11,027	21,399	55,300
96110 Property Insurance	6,144	7,241	21,693	7,840	52,528	95,446
96120 Liability Insurance	5,401	4,338	4,168	6,251	8,420	28,578

Housing Authority of the City of Elkhart (IN026)  
 ELKHART, IN  
 Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN026000003	IN026000001	IN026000004	IN026000007	IN026000002	Total
96130 Workmen's Compensation	1,377	852	806	1,371	1,701	6,107
96140 All Other Insurance	1,911	2,258	616	2,006	1,104	7,895
96100 Total Insurance Premiums	14,833	14,689	27,283	17,468	63,753	138,026
96200 Other General Expenses						
96210 Compensated Absences		229	612	245	1,010	2,097
96300 Payments in Lieu of Taxes	21,300	12,217	5,272	16,809	3,668	59,266
96400 Bad debt - Tenant Rents	1,383	4,658	15,108	5,138	14,643	40,930
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	22,683	17,104	20,992	22,193	19,321	102,293
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	-	-	-	-	-	-
96900 Total Operating Expenses	509,682	439,404	397,890	508,593	1,000,031	2,855,600
97000 Excess of Operating Revenue over Operating Expenses	116,710	127,005	170,401	124,853	487,914	1,026,883
97100 Extraordinary Maintenance	6,754	-	1,753		312	8,819
97200 Casualty Losses - Non-capitalized					601	601
97300 Housing Assistance Payments	1,465	1,029	551		1,343	4,388
97350 HAP Portability-In						
97400 Depreciation Expense	78,257	87,340	80,979	121,036	220,658	588,270
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	596,158	527,773	481,173	629,629	1,222,945	3,457,678
10010 Operating Transfer In	52,183	100,340	26,411	95,944	60,359	335,237
10020 Operating transfer Out	(52,183)	(100,340)	(26,411)	(95,944)	(60,359)	(335,237)
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)						
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	30,234	38,636	87,118	3,817	265,000	424,805
11020 Required Annual Debt Principal Payments						
11030 Beginning Equity	867,364	901,278	1,294,989	3,011,534	2,393,989	8,469,154
11040 Prior Period Adjustments, Equity Transfers and Correction of						
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	1,512	1,212	1,176	1,764	2,328	7,992
11210 Number of Unit Months Leased	1,481	1,184	1,140	1,746	2,174	7,725
11270 Excess Cash	238,050	207,313	235,114	608,338	123,738	1,412,553
11610 Land Purchases						
11620 Building Purchases						
11630 Furniture & Equipment - Dwelling Purchases						
11640 Furniture & Equipment - Administrative Purchases						
11650 Leasehold Improvements Purchases				3,819	461,411	465,230
11660 Infrastructure Purchases						
13510 CFFP Debt Service Payments						
13901 Replacement Housing Factor Funds						