



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43604

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 4, 2014

Board of Directors
Washington Housing Authority
520 S. E. 2nd Street
Washington, IN 47501

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2012 to December 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 Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Washington Housing Authority, as of December 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 Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2012

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

TABLE OF CONTENTS

Auditor's Report 1

Management's Discussion and Analysis 3

FINANCIAL STATEMENTS

Statement of Net Position as of December 31, 2012 10

Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds - Twelve Months Ended December 31, 2012 11

Statement of Cash Flows - Twelve Months Ended December 31, 2012 12

Notes to Financial Statements 14

SUPPLEMENTAL DATA

Schedule of Expenditure of Federal Awards 25

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards 26

Status of Prior Audit Findings 28

Schedule of Findings and Questioned Costs - Summary 29

Current Findings, Recommendations and Replies 30

Financial Data Schedule - REAC Electronic Submission 31



Independent Auditor's Report

Board of Commissioners
Washington Housing Authority
Washington, Indiana

I have audited the accompanying financial statements of the Washington Housing Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Washington Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Washington Housing Authority, as of December 31, 2012 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

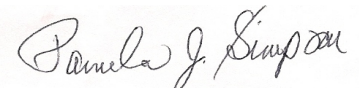
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and None-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 31 to 35 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

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

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated July 31, 2013 on my consideration of the Washington Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.

Decatur, Illinois
July 31, 2013



Certified Public Accountant

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Introduction

This Management's Discussion and Analysis (MD&A) of the Washington Housing Authority (Authority) provides an introduction and overview to the financial statements of the Washington Housing Authority for the fiscal year ended December 31, 2012. The Washington Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2012, to assist the reader in focusing on significant financial issues.

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

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program. The Low Rent Program consists of 190 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements

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

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

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

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

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2012, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2012.

Financial Highlights

The Washington Housing Authority's net position decreased from \$2,340,164 to \$1,868,684, a decrease of \$471,480 or 20%. Total assets also decreased by \$471,429 or 20%.

Total revenue decreased from \$1,053,414 to \$786,754, a decrease of \$266,660 or 25%.

Total expenses decreased by \$62,286, from \$1,320,520 to \$1,258,234 for the current year. This represents a decrease of 5%.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2012, and December 31, 2011.

Summary Statement of Net Position

	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Change \$</u>	<u>Change %</u>
Cash and other current assets	630,033	1,029,434	(399,401)	-39%
Noncurrent Assets	1,281,482	1,379,542	(98,060)	-7%
Total Assets	1,911,515	2,408,976	(497,461)	-21%
Deferred Outflows of Resources	26,032	0	26,032	100%
TOTAL	1,937,547	2,408,976	(569,489)	-24%
Current Liabilities	68,863	68,812	51	0%
Total Liabilities	68,863	68,812	51	0%
Deferred Inflows of Resources	0	0	0	0%
Net Invested in Capital Assets	1,281,482	1,379,542	(98,060)	-7%
Unrestricted Net Assets	587,202	960,622	(373,420)	-39%
Total Net Position	1,868,684	2,340,164	(471,480)	-20%
TOTAL	1,937,547	2,408,976	(471,429)	-20%

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Current Assets

The Authority's current asset balances decreased by \$399,401. Unrestricted cash and investments decreased from \$972,990 to \$585,503, a decrease of \$387,487 from December 31, 2011 to December 31, 2012. This was due to HUD budget cuts in the 2012 federal fiscal year, resulting in the Authority receiving a reduction in operating subsidy in the amount of \$316,848.

Noncurrent Assets

The Authority's noncurrent asset balance decreased primarily due to the accumulation of depreciation. Please note the capital asset portion presented in a later section.

Net Position

The net position of the Authority decreased by \$471,480 from the previous fiscal year. Due to HUD budget cuts in the 2012 federal fiscal year, agencies with more than 6 months of expenses in reserve (working capital) were subject to a recapture. As a result, revenue from operating subsidy was significantly decreased in the calendar year ending December 31, 2012 in the amount of \$316,848.

The Authority's unrestricted component of net position changed from \$960,622 to \$587,202, a decrease of \$373,420, or 30% for the current year. The primary reason for the decrease was due to excess operating expenditures over operating revenues for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2012 and 2011**

Category	FYE 2012	FYE 2011	Change \$	Change %
Tenant Revenue	\$ 558,501	\$ 505,534	\$ 52,967	10%
HUD Operating Grants	\$ 129,895	\$ 464,854	\$ (334,959)	-72%
Capital Grants	\$ 69,643	\$ 31,130	\$ 38,513	124%
Interest Income	\$ 10,797	\$ 22,944	\$ (12,147)	-53%
Other Revenue	\$ 17,918	\$ 28,952	\$ (11,034)	-38%
Total Revenue	\$ 786,754	\$ 1,053,414	\$ (266,660)	-25%
Administration	\$ 341,835	\$ 342,263	\$ (428)	0%
Tenant Service	\$ 19,562	\$ 3,486	\$ 16,076	100%
Utilities	\$ 251,763	\$ 260,203	\$ (8,440)	-3%
Ordinary Maintenance	\$ 382,309	\$ 434,875	\$ (52,566)	-12%
General Expense	\$ 85,288	\$ 79,853	\$ 5,435	7%
Extraordinary Maintenance	\$ -	\$ 20,497	\$ (20,497)	100%
Depreciation	\$ 177,477	\$ 179,343	\$ (1,866)	-1%
Total Expenses	\$ 1,258,234	\$ 1,320,520	\$ (62,286)	-5%
Increase (Decrease) in Net Position	\$ (471,480)	\$ (267,106)	\$ (204,374)	77%
Net Position, Beginning of Year	\$ 2,340,164	\$ 2,607,270	\$ (267,106)	-10%
Net Position, End of Year	\$ 1,868,684	\$ 2,340,164	\$ (471,480)	-20%

Results of Operations

Revenues of the Authority are generated principally Federal and State funding grant income. The Authority's revenue decreased by \$266,660 compared to the previous fiscal year. The decrease in revenue was primarily a decrease of HUD operating funding as a result of the offset to available reserve balances mandated by the 2012 Appropriations Act.

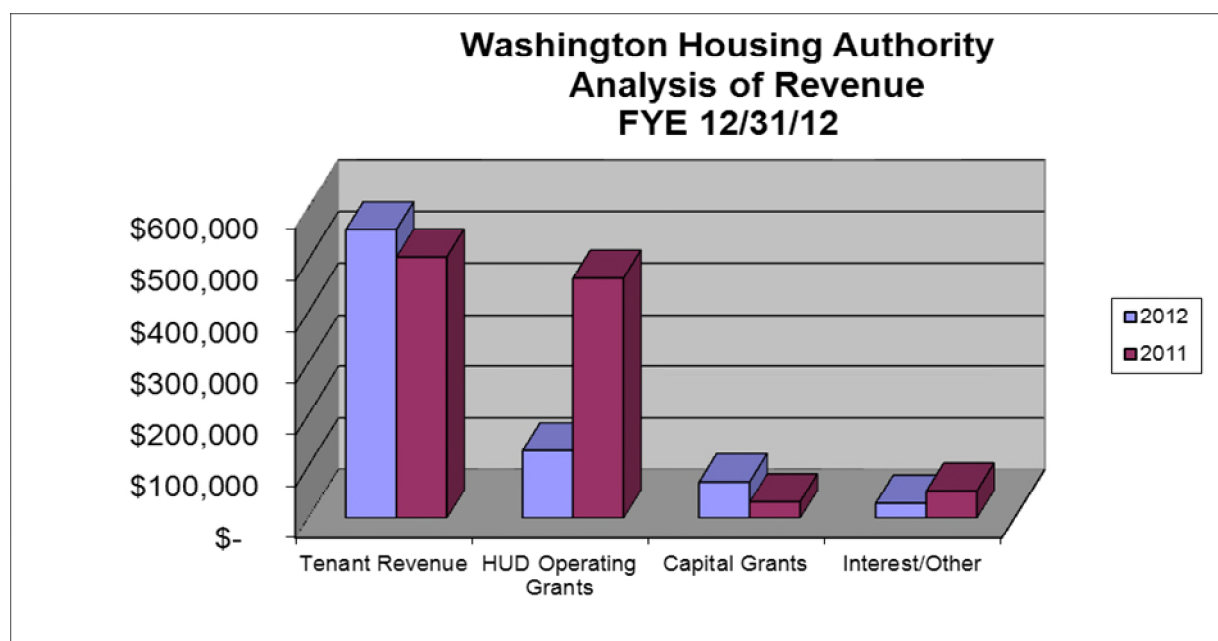
- Tenant revenue increased by \$52,967 due to an increase in the average rent per unit charged. Average rent increased from \$217.73 in the previous year to \$227.02 in the current year.
- Capital grant revenue increased by \$38,513 due to the increase in capital improvement projects funding the Capital Fund Program.
- Interest income decreased by \$12,147 due to the reduction of cash/investment balances and the reduction in interest rates.
- Other income decreased by \$11,034 due to the receipt of insurance proceeds in the previous year.

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

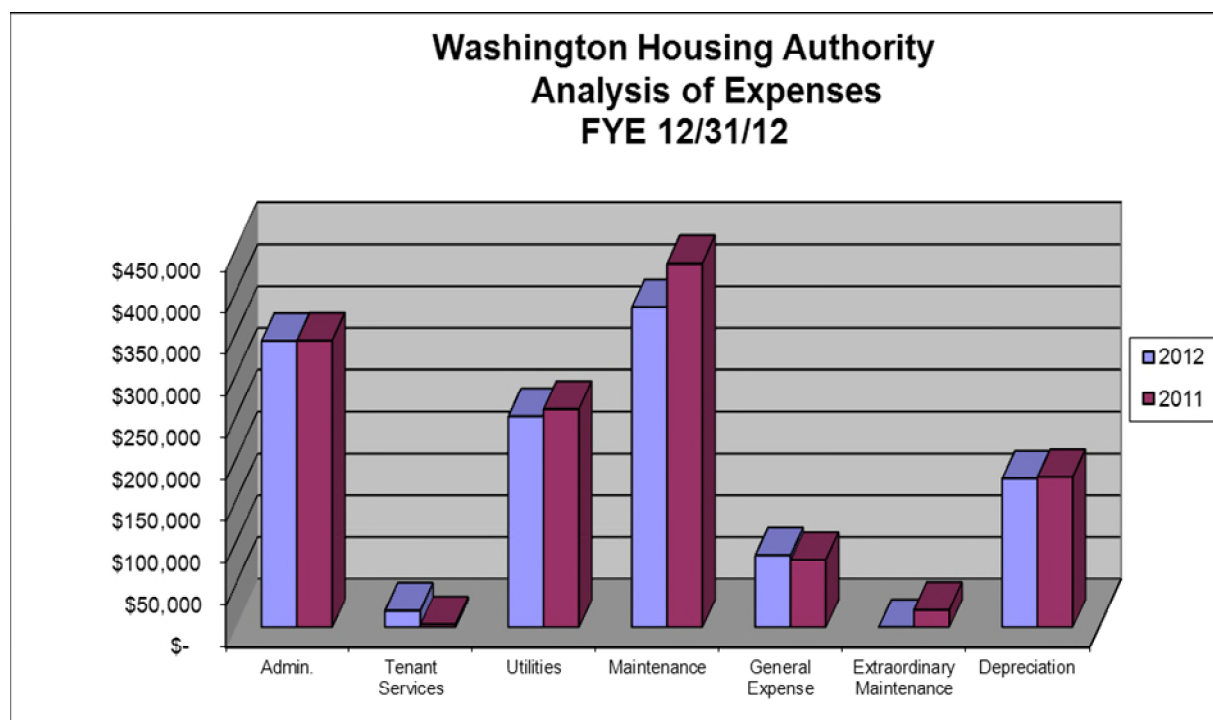
Total expenses decreased by \$62,286. Significant variances include the following:

- Tenant services increased by \$16,076 due to the classification of tenant cable charges as a tenant service.
- Ordinary maintenance decreased by \$52,566 due to the reduction in maintenance staff resulting in the reduction of salaries and benefits.
- Extraordinary maintenance decreased due to expenses in the previous year associated with hazmat clean up in the amount of \$6,625 and repair of a vehicle in the amount of \$5,769.

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



*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*



Capital Assets

As of December 31, 2012, the Washington Housing Authority's net investment in capital assets was \$1,281,482. This investment includes building improvements and equipment.

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 97,107	\$ 97,107	\$ -	0%
Buildings	\$ 5,643,100	\$ 5,617,654	\$ 25,446	0%
Equipment	\$ 274,405	\$ 266,526	\$ 7,879	3%
Construction in Progress	\$ 75,684	\$ 29,592	\$ 46,092	156%
Accumulated Depreciation	\$ (4,808,814)	\$ (4,631,337)	\$ (177,477)	4%
Total Net Fixed Assets	\$ 1,281,482	\$ 1,379,542	\$ (98,060)	-7%

Buildings increased by \$25,446 due the purchase of a security system, office HVAC, and lobby A/C funding by the 2009 CFP and the Low Rent program.

Equipment increased by \$7,879 due to the purchase of truck equipment, mower equipment, and a computer purchased by the 2009 and 2010 CFPs.

The construction in progress account consists of an electrical and masonry project being funded by the 2009 and 2010 CFPs.

*Washington Housing Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Subsequent Event

Due to sequestration, the Authority could possibly face an operating subsidy proration of 80% for the calendar year 2013.

Future CFP will be used to finish the elevator upgrade as well as bring some of the older rolling stock up to date. Our insurance company has a suit against it, with the WHA named due to a fall in our Towers activity room.

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

Request for Information

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

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

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

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2012**

ASSETS

Cash and cash equivalents	\$ 81,046
Receivables (net)	2,240
Accrued interest receivable	4,344
Investments	523,942
Inventory	2,158
Prepaid expenses	<u>16,303</u>

Capital assets:

Land, land improvements and construction in progress	\$ 172,791
Other capital assets, net of depreciation	<u>1,108,691</u>

Total Capital Assets \$ 1,281,482

Total Assets \$ 1,911,515

DEFERRED OUTFLOWS OF RESOURCES (Note 9) \$ 26,032

TOTAL \$ 1,937,547

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 21,779
Accrued liabilities	43,160
Unearned revenue	<u>3,924</u>

Total Liabilities \$ 68,863

DEFERRED INFLOWS OF RESOURCES \$ 0

NET ASSETS

Invested in capital assets	\$ 1,281,482
Unrestricted	<u>587,202</u>

Total Net Assets \$ 1,868,684

TOTAL \$ 1,937,547

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Operating Income

Tenant rental revenue	\$ 509,886
Excess utilities	<u>48,615</u>
Total Rental Income	\$ 558,501
HUD grants - operating	129,895
Other revenue	<u>17,918</u>
Total Operating Income	<u>\$ 706,314</u>

Operating Expenses

Administration	\$ 341,835
Tenant services	19,562
Utilities	251,763
Ordinary maintenance and operation	382,309
General expense	83,983
Protective services	1,305
Depreciation	<u>177,477</u>
Total Operating Expenses	<u>\$ 1,258,234</u>
Net Operating Income (Loss)	\$ -551,920

Nonoperating Income (Expense)

Interest income	10,797
-----------------	--------

Capital Contributions

Capital Fund Grants	<u>69,643</u>
Changes in net position	Net position, beginning of year 471,480 <u>2,340,164</u>
Net position, end of year	<u>\$ 1,868,684</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Operating Activities

Operating grants	\$ 107,093
Tenant revenue	557,914
Other revenue	17,918
Payments to employees	-328,024
Payments to suppliers and contractors	<u>-743,915</u>

Net Cash Provided (Used) by Operating Activities \$ -389,014

Investing Activities

Investments (purchased) redeemed	\$ 51,148
Interest income	<u>8,462</u>

Net Cash Provided (Used) by Investing Activities \$ 59,610

Capital and Related Financing Activities

HUD grants - capital	\$ 69,643
(Additions) deletions to fixed assets	<u>-79,417</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -9,774

Net Change in Cash \$ -339,178

Cash Balance at December 31, 2011 420,224

Cash Balance at December 31, 2012 \$ 81,046

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

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

Net operating income (loss)	\$ -551,920
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	177,477
(Increase) decrease in accounts receivable	2,643
(Increase) decrease in deferred charges	8,668
(Increase) decrease in inventories	99
(Increase) decrease in deferred outflows	-26,032
Increase (decrease) in accounts payable	-12,276
Increase (decrease) in accrued liabilities	12,150
Increase (decrease) in deferred revenues	<u>177</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -389,014</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Washington Housing Authority was established by the City pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Washington and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Mayor, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Washington Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

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

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

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Low Rent Public Housing
- * Capital Fund Program

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

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

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2012, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

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

(h) Investments -

Investments are stated at cost which approximates market.

(I) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

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

Buildings	40	years
Equipment	3-5	years
Leasehold improvements	15	years

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Net Position -

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

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

(k) Income Tax -

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

(l) Annual Contributions/Subsidies and Other Grants

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

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

(m) The Housing Authority adopts a budget annually. The budget is submitted to the Department of Housing and Urban Development for approval. Subsequent budget revisions may also be required to be submitted to HUD for approval.

(n) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

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

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

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

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

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ <u>81,046</u>	\$ <u>138,791</u>

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

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

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

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

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	\$ <u>523,942</u>	\$ <u>523,942</u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 3 - Compensated Absences

Annual Leave

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

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

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

Sick Leave

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

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Public Employee Retirement Fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after the first full month of service. The plan requires the Housing Authority and the employee to contribute 15.0% and 3.0% of base salary each month, respectively. The Housing Authority's contributions for each employee (and interest allocated the employee's account) are fully vested after five years of continuous service. Housing Authority contributions for, and the interest forfeited by, employees who leave employment before five years of service are reallocated to the Housing Authority's current employees. For the fiscal year ended December 31, 2012, actual contributions were \$52,545. Total annual payroll expense was \$264,339.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 3,337
Allowance for doubtful accounts	<u>-1,097</u>
Total	<u><u>\$ 2,240</u></u>

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 6 - Investments

At December 31, 2012 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.01 - 2.80%	\$ 523,942	\$ 523,942

Note 7 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ 16,303
-------------------	-----------

Note 8 - Fixed Assets

Balance as of December 31, 2012	\$ 1,281,482
Balance as of December 31, 2011	<u>1,379,542</u>
Net Increase (Decrease)	<u>\$ -98,060</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 3,227
Additions	76,190
Current year depreciation expense	<u>-177,477</u> *
Net Increase (Decrease)	<u>\$ -98,060</u>

<u>Analysis</u>	<u>01/01/2012 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2012 Balance</u>
Land	\$ 97,107	\$ 0	\$ 0	\$ 97,107
Buildings	5,617,654	25,446	0	5,643,100
Equipment and furniture	266,526	7,879	0	274,405
Construction in progress	<u>29,592</u>	<u>69,643</u>	<u>23,551</u>	<u>75,684</u>
Total	\$ 6,010,879	\$ 102,968	\$ 23,551	\$ 6,090,296
Accumulated depreciation	<u>-4,631,337</u>	<u>-177,477</u>	<u>0</u>	<u>-4,808,814</u>
Net Assets	<u>\$ 1,379,542</u>	<u>\$ -74,509</u>	<u>\$ 23,551</u>	<u>\$ 1,281,482</u>

*Current year depreciation expense recognized.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 9 - Deferred Outflows of Resources

HUD - CFP funds	\$ <u>26,032</u>
-----------------	------------------

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 2,294
Tenants security deposits	<u>19,485</u>
Total	<u>\$ 21,779</u>

Note 11 - Notes Payable

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

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

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

Note 12 - Other Liabilities

Accrued liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 11,711
Other liabilities	5,637
Payment in lieu of taxes	<u>25,812</u>
Total	<u>\$ 43,160</u>

Note 13 - Unearned Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u>\$ 3,924</u>
----------------------	-----------------

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 14 - Contingencies

Federal Grants

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

Note 15 - Other Litigation

The Housing Authority has been named in one pending suit that is currently being handled by its insurance carrier. The outcome of the suit is uncertain at this time.

Note 16 - Contracts/Commitments

As of December 31, 2012, the Housing Authority had entered into the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-09	\$ 245,265	\$ 225,972
CFP 501-10	<u>244,818</u>	<u>86,430</u>
Total	<u>\$ 490,083</u>	<u>\$ 312,402</u>

Note 17 - Risk Management

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

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

Note 18 - Economic Dependency

The Housing Authority received a large percentage of its revenue (25%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-590	FYE 12/31/12	\$ 88,567	\$ 88,567	\$ 88,567
Public Housing - Capital Fund	14.872	C-590	FYE 12/31/12	\$ 894,931	\$ 110,971	\$ 110,971
Total Housing Assistance				<u>\$ 983,498</u>	<u>\$ 199,538</u>	<u>\$ 199,538</u>



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

Board of Commissioners
Washington Housing Authority
Washington, Indiana

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Washington Housing Authority, which comprise the statement of net position as of December 31, 2012, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Washington Housing Authority's basic financial statements and have issued my report thereon dated July 31, 2013.

Internal Control Over Financial Reporting

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

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

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

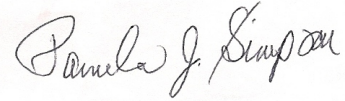
Compliance and Other Matters

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

I noted certain matters that I reported to the management of the Washington Housing Authority in a separate letter dated July 31, 2013.

Purpose of this Report

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



Certified Public Accountant

Decatur, Illinois
July 31, 2013

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2011 contained no findings.

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:

Unqualified

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

Not applicable

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

 yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

NONE

N/A

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

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

**WASHINGTON HOUSING AUTHORITY
WASHINGTON, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with William O'Brian, Executive Director or Jane Neeley, during the course of the audit and at an exit conference held July 31, 2013.

Section III - Federal Award Findings

There were no federal award audit findings discussed with William O'Brian, Executive Director or Jane Neeley, during the course of the audit and at an exit conference held July 31, 2013.

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$61,561	\$61,561		\$61,561
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$19,485	\$19,485		\$19,485
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$81,046	\$81,046		\$81,046
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$26,032	\$26,032		\$26,032
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$3,337	\$3,337		\$3,337
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,097	-\$1,097		-\$1,097
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$4,344	\$4,344		\$4,344
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$32,616	\$32,616		\$32,616
131 Investments - Unrestricted	\$523,942	\$523,942		\$523,942
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$16,303	\$16,303		\$16,303
143 Inventories	\$2,398	\$2,398		\$2,398
143.1 Allowance for Obsolete Inventories	-\$240	-\$240		-\$240
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$656,065	\$656,065		\$656,065
161 Land	\$97,107	\$97,107		\$97,107
162 Buildings	\$5,643,100	\$5,643,100		\$5,643,100
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$274,405	\$274,405		\$274,405
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$4,808,814	-\$4,808,814		-\$4,808,814
167 Construction in Progress	\$75,684	\$75,684		\$75,684
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,281,482	\$1,281,482		\$1,281,482
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	\$1,281,482	\$1,281,482		\$1,281,482
190 Total Assets	\$1,937,547	\$1,937,547		\$1,937,547

Washington Housing Authority (IN030)

WASHINGTON, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$2,294	\$2,294		\$2,294
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$11,711	\$11,711		\$11,711
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$25,812	\$25,812		\$25,812
341 Tenant Security Deposits	\$19,485	\$19,485		\$19,485
342 Deferred Revenues	\$3,924	\$3,924		\$3,924
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				
346 Accrued Liabilities - Other	\$5,637	\$5,637		\$5,637
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$68,863	\$68,863		\$68,863
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				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0		\$0
300 Total Liabilities	\$68,863	\$68,863		\$68,863
508.1 Invested In Capital Assets, Net of Related Debt	\$1,281,482	\$1,281,482		\$1,281,482
511.1 Restricted Net Assets				
512.1 Unrestricted Net Assets	\$587,202	\$587,202		\$587,202
513 Total Equity/Net Assets	\$1,868,684	\$1,868,684		\$1,868,684
600 Total Liabilities and Equity/Net Assets	\$1,937,547	\$1,937,547		\$1,937,547

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

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$509,886	\$509,886		\$509,886
70400 Tenant Revenue - Other	\$48,615	\$48,615		\$48,615
70500 Total Tenant Revenue	\$558,501	\$558,501		\$558,501
70600 HUD PHA Operating Grants	\$129,895	\$129,895		\$129,895
70610 Capital Grants	\$69,643	\$69,643		\$69,643
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	\$10,797	\$10,797		\$10,797
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$17,918	\$17,918		\$17,918
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$786,754	\$786,754		\$786,754
91100 Administrative Salaries	\$165,605	\$165,605		\$165,605
91200 Auditing Fees	\$4,850	\$4,850		\$4,850
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$4,801	\$4,801		\$4,801
91500 Employee Benefit contributions - Administrative	\$98,765	\$98,765		\$98,765
91600 Office Expenses	\$27,194	\$27,194		\$27,194
91700 Legal Expense	\$160	\$160		\$160
91800 Travel	\$7,980	\$7,980		\$7,980
91810 Allocated Overhead				
91900 Other	\$32,480	\$32,480		\$32,480
91000 Total Operating - Administrative	\$341,835	\$341,835		\$341,835
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$19,562	\$19,562		\$19,562
92500 Total Tenant Services	\$19,562	\$19,562		\$19,562

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

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

	Project Total	Subtotal	ELIM	Total
93100 Water	\$35,248	\$35,248		\$35,248
93200 Electricity	\$110,626	\$110,626		\$110,626
93300 Gas	\$43,730	\$43,730		\$43,730
93400 Fuel				
93500 Labor				
93600 Sewer	\$62,159	\$62,159		\$62,159
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$251,763	\$251,763		\$251,763
94100 Ordinary Maintenance and Operations - Labor	\$162,419	\$162,419		\$162,419
94200 Ordinary Maintenance and Operations - Materials and Other	\$109,416	\$109,416		\$109,416
94300 Ordinary Maintenance and Operations Contracts	\$48,849	\$48,849		\$48,849
94500 Employee Benefit Contributions - Ordinary Maintenance	\$61,625	\$61,625		\$61,625
94000 Total Maintenance	\$382,309	\$382,309		\$382,309
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$1,305	\$1,305		\$1,305
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$1,305	\$1,305		\$1,305
96110 Property Insurance	\$33,402	\$33,402		\$33,402
96120 Liability Insurance	\$5,894	\$5,894		\$5,894
96130 Workmen's Compensation	\$6,307	\$6,307		\$6,307
96140 All Other Insurance	\$615	\$615		\$615
96100 Total insurance Premiums	\$46,218	\$46,218		\$46,218
96200 Other General Expenses	\$4,000	\$4,000		\$4,000
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$25,812	\$25,812		\$25,812
96400 Bad debt - Tenant Rents	\$7,953	\$7,953		\$7,953
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$37,765	\$37,765		\$37,765
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0		\$0
96900 Total Operating Expenses	\$1,080,757	\$1,080,757		\$1,080,757
97000 Excess of Operating Revenue over Operating Expenses	-\$294,003	-\$294,003		-\$294,003

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

Submission Type: Audited/Non-A-133

Fiscal Year End: 12/31/2012

	Project Total	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$177,477	\$177,477		\$177,477
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,258,234	\$1,258,234		\$1,258,234
10010 Operating Transfer In	\$41,328	\$41,328		\$41,328
10020 Operating transfer Out	-\$41,328	-\$41,328		-\$41,328
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$471,480	-\$471,480		-\$471,480
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$2,340,164	\$2,340,164		\$2,340,164
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	2280	2280		2280
11210 Number of Unit Months Leased	2246	2246		2246
11270 Excess Cash	\$478,678	\$478,678		\$478,678
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$71,538	\$71,538		\$71,538
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$7,878	\$7,878		\$7,878
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0



Board of Commissioners
Washington Housing Authority
Washington, Indiana

In planning and performing my audit of the financial statements of Washington Housing Authority as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Washington Housing Authority's internal control.

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

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

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

1. While reviewing the PHA's depreciation schedules it was noted that items under the capitalization limit are listed on the current depreciation schedule. These items should be expensed as they are under capital limits.

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

Certified Public Accountant

Decatur, Illinois
July 31, 2013