



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B45464

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

October 26, 2015

Board of Commissioners
Sullivan Housing Authority
200 N. Court
Sullivan, IN 47882

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2013 to March 31, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Sullivan Housing Authority, as of March 31, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

A handwritten signature in cursive script that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2014

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

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Independent Auditor's Report

Board of Directors
Sullivan Housing Authority
Sullivan, Indiana

I have audited the accompanying financial statements of the Sullivan Housing Authority, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Sullivan 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 Sullivan 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 Sullivan 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 Sullivan Housing Authority, as of March 31, 2014 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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

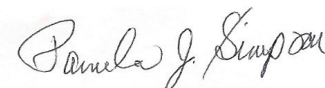
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sullivan Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 35 to 39 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

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

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2014 on my consideration of the Sullivan 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
November 7, 2014



Certified Public Accountant

**SULLIVAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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Management's Discussion and Analysis

As management of the Sullivan Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2014. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Sullivan Housing Authority, 200 North Court, Sullivan, Indiana, (812) 268-4600.

Overview of the Financial Statements

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

- Statement of Net Position – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Position reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending March 31, 2015 that will significantly affect the Authority's Net Assets either positively or negatively.

**SULLIVAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets

Total Assets for FYE 2014 was \$7,283,533 and at FYE 2013 the amount was \$7,595,379. This represents a net decrease of \$311,846.

Cash and Cash Equivalents increased by \$6,897 or 14% due to redemption of some investments.

Other Current Assets decreased by \$85,106. The decrease was related to a decrease in the amount of investments.

Capital Assets decreased by \$234,153. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased by \$25,524 or 17%, due to an increase in vendor payable.

The table below illustrates our analysis:

	<u>2014</u>	<u>2013</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash and Cash Equivalents	54,969	48,072	6,897	14%
Other Current Assets	411,154	496,260	(85,106)	-17%
Capital Assets	6,817,410	7,051,563	(234,153)	-3%
Total Assets	7,283,533	7,595,895	(312,362)	-4%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	7,283,533	7,595,895	(312,362)	-4%
Current Liabilities	173,917	148,393	25,524	17%
Noncurrent Liabilities	0	0	0	0%
Total Liabilities	173,917	148,393	25,524	17%
Deferred Inflows of Resources	0	3,976	(3,976)	-100%
Net Investment in Capital Assets	6,817,410	7,051,563	(234,153)	-3%
Restricted	0	0	0	0%
Unrestricted	292,206	391,729	(99,523)	-25%
Total Net Position	7,109,616	7,443,292	(333,676)	-5%
TOTAL	7,283,533	7,595,661	(312,128)	-4%

**SULLIVAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending March 31, 2014 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$1,090,870
Capital Fund Program	\$353,215

Total Revenues for Fiscal Year Ending March 31, 2014 were \$1,444,085 as compared to the total revenues for Fiscal Year Ending March 31, 2013 of \$1,456,520. Comparatively, Fiscal Year Ending 2013 revenues exceeded Fiscal Year Ending 2014 revenues by \$12,435.

Total Tenant Revenue increased by \$46,217 or 7%.

HUD Operating Grants decreased by \$50,335 or 12% due to decreased subsidy in the Public Housing Program.

HUD Capital Grants decreased by \$49,259 or 14%.

Investment Income decreased by \$1,445 or 51% due to a decrease in interest rates.

Other Revenue increased by \$42,387 or 151% because of the recognition of insurance reimbursement on fire damage claims.

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Percentage Change</u>
Total Tenant Revenue	705,719	659,502	46,217	7%
HUD Operating Grants	356,585	406,920	(50,335)	-12%
HUD Capital Grants	310,011	359,270	(49,259)	-14%
Investment Income	1,369	2,814	(1,445)	-51%
Other Revenue	70,401	28,014	42,387	151%
Total Revenue	<u>1,444,085</u>	<u>1,456,520</u>	<u>(12,435)</u>	<u>-1%</u>

**SULLIVAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending March 31, 2013 were \$1,810,661 as compared to \$1,777,761 of total expenditures for Fiscal Year Ending March 31, 2014. Comparatively, Fiscal Year Ending 2013 expenditures exceeded Fiscal Year Ending 2014 expenditures by \$32,900. Changes by major expense category will be presented below.

Administrative expenditures decreased by \$6,479 or 2%. The decrease was due to decreases in salaries.

Tenant Services expenditures decreased by \$93 or 4%, due to a decrease in services.

Utilities increased by \$51,201. The increase was due to normal usage.

Maintenance expenditures increased by \$29,618 or 6% due to increases in salaries.

General Expenses decreased by \$21,236 or 16% due to decrease in compensated absence expense.

The table below illustrates our analysis:

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	288,062	294,541	(6,479)	-2%
Tenant Services	2,135	2,228	(93)	-4%
Utilities	283,559	232,358	51,201	22%
Maintenance	509,495	479,877	29,618	6%
General Expense	110,218	131,454	(21,236)	-16%
Casualty Losses	40,128	0	40,128	100%
Depreciation Expense	544,164	670,203	(126,039)	-19%
Total Expenses	<u><u>1,777,761</u></u>	<u><u>1,810,661</u></u>	<u><u>(32,900)</u></u>	<u><u>-2%</u></u>

**SULLIVAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2014**

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Analysis of Capital Asset Activity

Buildings had an increase of \$614,755 or 4%.

Accumulated Depreciation increased by \$544,164 or 5%. This is the amount of current year depreciation expense.

	2014	2013	Net Change	Percentage Change
Land	131,925	131,925	0	0%
Buildings	17,313,543	16,698,788	614,755	4%
Furniture, Equipment, & Machinery - Dwelling	202,913	202,913	0	0%
Furniture, Equipment, & Machinery - Administrative	206,082	206,082	0	0%
Construction in Process	214,054	518,798	-304,744	-59%
Total Fixed Assets	18,068,517	17,758,506	310,011	2%
Accumulated Depreciation	11,251,107	10,706,943	544,164	5%
Net Fixed Assets	6,817,410	7,051,563	-234,153	-3%

Most increases were related to the expenditure of capital funds in the current year.

Outstanding Debt

The Housing Authority did not borrow any funds in the current year and had no outstanding debt at March 31, 2013 or March 31, 2014.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF MARCH 31, 2014**

ASSETS

Cash - restricted	\$	54,969
Receivables, net		40,878
Investments		337,080
Prepaid expenses		33,196
Capital Assets:		
Land, land improvements and construction in progress	\$	345,979
Other capital assets, net of depreciation		<u>6,471,431</u>
Total Capital Assets		<u>\$ 6,817,410</u>
Total Assets		<u>\$ 7,283,533</u>

DEFERRED OUTFLOWS OF RESOURCES \$ 0

TOTAL \$ 7,283,533

LIABILITIES

Accounts payable	\$	82,160
Other liabilities		84,438
Unearned revenues		<u>7,319</u>
Total Current Liabilities		<u>\$ 173,917</u>

DEFERRED INFLOWS OF RESOURCES \$ 0

NET POSITION

Net investment in capital assets	\$	6,817,410
Unrestricted		<u>292,206</u>
Total Net Position		<u>\$ 7,109,616</u>

TOTAL \$ 7,283,533

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2014**

Operating Income

Tenant rental revenue	\$ 704,902
Tenant revenue - other	<u>817</u>
Total Rental Income	\$ 705,719
HUD grants - operating	356,585
Other revenue	<u>70,401</u>
Total Operating Income	<u>\$ 1,132,705</u>

Operating Expenses

Administration	\$ 288,062
Tenant services	2,135
Utilities	283,559
Ordinary maintenance and operation	509,495
General expense	110,218
Depreciation	<u>544,164</u>
Total Operating Expenses	<u>\$ 1,737,633</u>
Net Operating Income (Loss)	\$ -604,928

Nonoperating Income (Expense)

Casualty losses	-40,128
Interest income	1,369

Capital Contributions

Capital funds grant	<u>310,011</u>
Changes in net position	\$ -333,676
Net position, beginning of year	<u>7,443,292</u>
Net position, end of year	<u><u>\$ 7,109,616</u></u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2014**

Operating Activities

Operating grants	\$ 355,318
Tenant revenue	713,967
Other revenue	70,401
Payments to employees	-382,160
Payments to suppliers and contractors	<u>-828,432</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -70,906</u>

Investing Activities

Investments (purchased) redeemed	\$ 116,562
Interest income	<u>1,369</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 117,931</u>

Capital and Related Financing Activities

HUD grants - capital	\$ 310,011
Casualty losses	-40,128
(Additions) deletions to fixed assets	<u>-310,011</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -40,128</u>

Net Change in Cash	\$ 6,897
Cash Balance at March 31, 2013	<u>48,072</u>
Cash Balance at March 31, 2014	<u><u>\$ 54,969</u></u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2014**

Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities

Net operating income (loss)	\$ -604,928
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	544,164
(Increase) decrease in accounts receivable	-40,326
(Increase) decrease in prepaid expenses	8,354
(Increase) decrease in deferred outflows	282
Increase (decrease) in accounts payable	24,481
Increase (decrease) in other liabilities	-5,355
Increase (decrease) in unearned revenues	6,398
Increase (decrease) in deferred inflows	<u>-3,976</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -70,906</u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014**

Note 1 - Summary of Significant Accounting Policies

(a) Organization -

The Sullivan Housing Authority was established by the City of Sullivan 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 Sullivan 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 Sullivan 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. pronouncements, in which case, GASB prevails.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Low Rent Public Housing
- * Capital Fund Program

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 Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

(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 March 31, 2014, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Investments -

Investments are stated at cost which approximates market.

(h) Fixed Assets -

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

If the initial cost of a piece of equipment and/or other personal property is one thousand dollars (\$1,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and 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	20 - 40	years
Equipment	3 - 10	years

(i) Net Position -

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

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

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Income Tax -

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

(k) Annual Contributions/Subsidies and Other Grants

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

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

(l) The Housing Authority adopts a budget annually. The budget is presented to the Board of Commissioners for approval annually.

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

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

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

(p) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

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

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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.

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>\$ 54,969</u>	<u>\$ 118,624</u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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>\$ 337,080</u>	<u>\$ 337,080</u>

Note 3 - Compensated Absences

Personal Leave

Permanent full-time employees will be granted two personal leave days per fiscal year.

Personal leave days shall be taken in the fiscal year earned (April 1 through March 31) or they are lost. Personal leave days are not accumulated from year to year, therefore no liability has been recorded.

Sick Leave

Permanent full-time employees will be granted twelve sick days per fiscal year.

Sick days may accumulate to sixty days. Employees shall not receive compensation for unused sick leave on termination of employment with the Sullivan Housing Authority, therefore no liability is recorded.

Vacation Days

Permanent full-time employee is entitled to 80 hours (10 work days) vacation after (12) continuous calendar months of work. (1st to 5th year of continuous service: 40 hour employees). After 5 years of continuous service a permanent full-time employee is eligible for 120 hours (15 work days) vacation per year. The beginning date for calculating each year's authorized vacation is the employee's anniversary date. No permanent full-time employee shall be eligible for vacation until after six (6) months of continuous employment.

Vacation must be taken the year following the year it is accrued. Upon termination of employment an employee shall be compensated for the unused portion of the earned vacation which the employee is eligible to use and earned vacation in the year of termination which has not been used.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 4 - Defined Contribution Plan

The PHA participates in a defined contribution plan administered by American Funds. The Housing Authority and the participants are required to contribute 7.5% and 5.5% of annual covered payroll, respectively. For the fiscal year ended March 31, 2014, the Housing Authority contributed \$40,989. Total annual related payroll expense was \$376,916.

Note 5 - Post-Employment Benefits

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

Note 6 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - miscellaneous	\$ 40,128
Tenants accounts receivable	<u>750</u>
Total	<u>\$ 40,878</u>

Note 7 - Investments

At March 31, 2014 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.25-0.50%	<u>\$ 337,080</u>	<u>\$ 337,080</u>

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ 30,239
Other	<u>2,957</u>
Total	<u>\$ 33,196</u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 9 - Capital Assets

Balance as of March 31, 2014	\$ 6,817,410
Balance as of March 31, 2013	<u>7,051,563</u>
Net Increase (Decrease)	<u>\$ -234,153</u>

Reconciliation

Betterments and additions	\$ 310,011
Current year depreciation expense	<u>-544,164</u> *
Net Increase (Decrease)	<u>\$ -234,153</u>

<u>Analysis</u>	04/01/2013 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	03/31/2014 <u>Balance</u>
Land	\$ 131,925	\$ 0	\$ 0	\$ 131,925
Buildings	16,698,788	614,755	0	17,313,543
Equipment and furniture	408,995	0	0	408,995
Construction in progress	<u>518,798</u>	<u>310,011</u>	<u>614,755</u>	<u>214,054</u>
Subtotal	\$ 17,758,506	\$ 924,766	\$ 614,755	\$ 18,068,517
Accumulated depreciation	<u>-10,706,943</u>	<u>0</u>	<u>544,164</u> *	<u>-11,251,107</u>
Total	<u>\$ 7,051,563</u>	<u>\$ 924,766</u>	<u>\$ 1,158,919</u>	<u>\$ 6,817,410</u>

*Current year depreciation expense recognized.

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 34,510
Tenants security deposits	<u>47,650</u>
Total	<u>\$ 82,160</u>

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

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 at March 31, 2014 consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 15,574
Earned compensated absences	19,459
Payment in lieu of taxes	41,638
Utilities payable	<u>7,767</u>
Total	<u>\$ 84,438</u>

Note 14 - Unearned Revenues

This classification consists of the following accounts:

Tenants prepaid rent	\$ 4,892
HUD - CFP grants	<u>2,427</u>
Total	<u>\$ 7,319</u>

Note 15 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2014
(CONTINUED)**

Note 16 - Contingencies

Federal Grants

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

Note 17 - Contracts/Commitments

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

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-12	\$ 292,444	\$ 269,479
CFP 501-13	278,826	20,921
CFP 501-14	<u>269,640</u>	<u>0</u>
Total	<u>\$ 840,910</u>	<u>\$ 290,400</u>

Note 18 - Risk Management

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

The Housing Authority also participates in a public entity risk pool (Housing Authority Risk Retention Group) for general liability coverage. For insured programs there has been no significant reduction in insurance coverages or the risk pool coverage in the current or past three years.

Note 19 - Economic Dependency

The Housing Authority received most of its revenue (46%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE TWELVE MONTHS ENDED MARCH 31, 2014**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing *	14.850a	C-940	FYE 03/31/14	<u>\$ 313,381</u>	<u>\$ 313,381</u>	<u>\$ 313,381</u>
Public Housing - Capital Fund Program	14.872	C-940	FYE 03/31/14	<u>\$ 1,259,030</u>	<u>\$ 353,215</u>	<u>\$ 353,215</u>
Total Housing Assistance				<u>\$ 1,572,411</u>	<u>\$ 666,596</u>	<u>\$ 666,596</u>

*Denotes major program.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P034501-09**

1. The Actual Modernization Costs of Phase IN36P034501-09 are as follows:

Funds approved		\$ 363,095
Funds expended		<u>363,095</u>
Excess of Funds Approved		<u><u>\$ 0</u></u>
Funds advanced		
Grants		\$ 363,095
Funds expended		<u>363,095</u>
Excess of Funds Advanced		<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated July 16, 2013, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P034501-11**

1. The Actual Modernization Costs of Phase IN36P034501-11 are as follows:

Funds approved	\$ 324,655
Funds expended	<u>324,655</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 324,655
Funds expended	<u>324,655</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated December 31, 2013, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.



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

Board of Commissioners
Sullivan Housing Authority
Sullivan, 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 Sullivan Housing Authority, which comprise the statement of net position as of March 31, 2014, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Sullivan Housing Authority's basic financial statements and have issued my report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

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

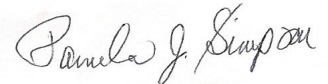
As part of obtaining reasonable assurance about whether the Sullivan Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 Sullivan Housing Authority in a separate letter dated November 7, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sullivan 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 Sullivan Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois
November 7, 2014



Certified Public Accountant

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

Board of Commissioners
Sullivan Housing Authority
Sullivan, Indiana

Report on Compliance for Each Major Program

I have audited the Sullivan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Sullivan Housing Authority's major federal programs for the year ended March 31, 2014. The Sullivan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In my opinion, the Sullivan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

Other Matters

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

I noted certain matters that I reported to the management of the Sullivan Housing Authority in a separate letter dated November 7, 2014.

Report on Internal Control Over Compliance

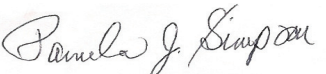
Management of the Sullivan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Sullivan Housing Authority's internal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

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

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

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

Decatur, Illinois
November 7, 2014


Certified Public Accountant

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA
STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended March 31, 2013 contained no findings.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes X_____ no

* Significant deficiency (ies) identified? _____ yes X_____ none reported

Noncompliance material to financial statements noted? _____ yes X_____ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes X_____ no

* Significant deficiency (ies) identified? _____ yes X_____ none reported

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

Any audit findings disclosed that are required
to be reported in accordance with
Section 510(a) of OMB Circular A-133? _____ yes X_____ no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X_____ yes _____ no

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

FINDINGS, RECOMMENDATIONS AND REPLIES

Section II - Financial Statement Findings

There were no audit findings discussed with Erika D. Stitzle, Executive Director, during the course of the audit or at an exit conference held November 7, 2014.

Section II - Federal Award Findings

There were no audit findings discussed with Erika D. Stitzle, Executive Director, during the course of the audit or at an exit conference held November 7, 2014.

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2014**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
A/R - tenants	1122	\$ 9,728.00		1122
General fund cash	1111.01		\$ 439.00	1111.01
Dwelling rental	3110		5,318.00	2810.512
Tenant prepaid rents	2240		3,971.00	2240
(To reverse JV#6478; entry to record prepaid rents was posted backwards and to reconcile cash due to JV#6466)				
(2)				
Relocation	4620.05	\$ 77.10		2810.512
Contracts costs	4620.03		\$ 77.10	2810.512
(To reclassify two invoices per H/A; relocation costs charges to contract costs)				
(3)				
Sewer	4310.010	\$ 5,107.82		2810.512
Trash removal	4431	3,396.00		2810.512
Electricity	4320	1,228.47		2810.512
Contract costs - casualty	4620.030	28,019.00		2810.512
Gas	4330	1,048.56		2810.512
Vendor payable	2111		\$ 31,415.00	2111
Other accrued liability - utility	2139		7,384.85	2139
(To record additional liabilities @ 03/31/14 per examination of subsequent paid invoices)				
(4)				
Health/life insurance	2117.050	\$ 1,860.71		2117.050
Retirement	2117.040	783.00		2117.040
Employee benefits - maintenance	4433		\$ 1,639.10	2810.512
Employee benefits - admin	4182		1,004.61	2810.512
(To correct posting of checks #14016, #14589 and #14652; payroll accrual for October/November 2013)				
(5)				
PILOT	2137	\$ 200.28		2137
PILOT expense	4520		\$ 200.28	2810.512
(To adjust PILOT due to adjustment of utility expense)				
(6)				
Prepaid insurance	1211	\$ 90.71		1211
Property	4510.01	693.08		2810.512
Workers' compensation	4510.02	215.26		2810.512
Insurance	4510	6,615.09		2810.512
Liability	4510.015		\$ 3,975.17	2810.512
Other income	3690		2,834.89	2810.512
Employee benefits - maintenance	4433		522.65	2810.512
Employee benefits - admin	4182		281.43	2810.512
(To adjust insurance accounts to actual and reclassify JV#6287, JV#6301 and JV#6498)				

**SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2014**

<u>Low Rent (Continued)</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(7)				
Accumulated depreciation	1400.05	\$ 263,385.63		1400.05
Depreciation expense	4800		\$ 263,385.63	2802.508
(To adjust depreciation to schedule printed 4/18/14 for period 3/31/14)				
(8)				
A/R - insurance claims	1129	\$ 40,127.98		1129
Insurance reimbursements	3692		\$ 40,127.98	2810.512
(To record matching principle for expenses turned in to insurance company for expenses resulting from fire damage)				

Sullivan Housing Authority (IN034)

SULLIVAN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted				
112 Cash - Restricted - Modernization and Development	\$2,427	\$2,427		\$2,427
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$47,650	\$47,650		\$47,650
115 Cash - Restricted for Payment of Current Liabilities	\$4,892	\$4,892		\$4,892
100 Total Cash	\$54,969	\$54,969	\$0	\$54,969
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$40,128	\$40,128		\$40,128
126 Accounts Receivable - Tenants	\$750	\$750		\$750
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0		\$0
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				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$40,878	\$40,878	\$0	\$40,878
131 Investments - Unrestricted	\$337,080	\$337,080		\$337,080
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$33,196	\$33,196		\$33,196
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$466,123	\$466,123	\$0	\$466,123
161 Land	\$131,925	\$131,925		\$131,925
162 Buildings	\$17,313,543	\$17,313,543		\$17,313,543
163 Furniture, Equipment & Machinery - Dwellings	\$202,913	\$202,913		\$202,913
164 Furniture, Equipment & Machinery - Administration	\$206,082	\$206,082		\$206,082
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$11,251,107	-\$11,251,107		-\$11,251,107
167 Construction in Progress	\$214,054	\$214,054		\$214,054
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,817,410	\$6,817,410	\$0	\$6,817,410
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	\$6,817,410	\$6,817,410	\$0	\$6,817,410
190 Total Assets	\$7,283,533	\$7,283,533	\$0	\$7,283,533
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$7,283,533	\$7,283,533	\$0	\$7,283,533

Sullivan Housing Authority (IN034)
SULLIVAN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$34,510	\$34,510		\$34,510
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$15,574	\$15,574		\$15,574
322 Accrued Compensated Absences - Current Portion	\$19,459	\$19,459		\$19,459
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$41,638	\$41,638		\$41,638
341 Tenant Security Deposits	\$47,650	\$47,650		\$47,650
342 Unearned Revenue	\$7,319	\$7,319		\$7,319
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$7,767	\$7,767		\$7,767
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$173,917	\$173,917	\$0	\$173,917
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	\$0
300 Total Liabilities	\$173,917	\$173,917	\$0	\$173,917
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$6,817,410	\$6,817,410		\$6,817,410
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	\$292,206	\$292,206		\$292,206
513 Total Equity - Net Assets / Position	\$7,109,616	\$7,109,616	\$0	\$7,109,616
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$7,283,533	\$7,283,533	\$0	\$7,283,533

Sullivan Housing Authority (IN034)
SULLIVAN, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$704,902	\$704,902		\$704,902
70400 Tenant Revenue - Other	\$817	\$817		\$817
70500 Total Tenant Revenue	\$705,719	\$705,719	\$0	\$705,719
70600 HUD PHA Operating Grants	\$356,585	\$356,585		\$356,585
70610 Capital Grants	\$310,011	\$310,011		\$310,011
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,369	\$1,369		\$1,369
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	\$70,401	\$70,401		\$70,401
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$1,444,085	\$1,444,085	\$0	\$1,444,085
91100 Administrative Salaries	\$172,551	\$172,551		\$172,551
91200 Auditing Fees	\$4,765	\$4,765		\$4,765
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$5,097	\$5,097		\$5,097
91500 Employee Benefit contributions - Administrative	\$62,906	\$62,906		\$62,906
91600 Office Expenses	\$23,127	\$23,127		\$23,127
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$19,616	\$19,616		\$19,616
91000 Total Operating - Administrative	\$288,062	\$288,062	\$0	\$288,062
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$2,135	\$2,135		\$2,135
92500 Total Tenant Services	\$2,135	\$2,135	\$0	\$2,135

Sullivan Housing Authority (IN034)
SULLIVAN, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	Subtotal	ELIM	Total
93100 Water	\$39,225	\$39,225		\$39,225
93200 Electricity	\$162,226	\$162,226		\$162,226
93300 Gas	\$14,368	\$14,368		\$14,368
93400 Fuel				
93500 Labor				
93600 Sewer	\$54,149	\$54,149		\$54,149
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$13,591	\$13,591		\$13,591
93000 Total Utilities	\$283,559	\$283,559	\$0	\$283,559
94100 Ordinary Maintenance and Operations - Labor	\$207,771	\$207,771		\$207,771
94200 Ordinary Maintenance and Operations - Materials and Other	\$53,111	\$53,111		\$53,111
94300 Ordinary Maintenance and Operations Contracts	\$145,525	\$145,525		\$145,525
94500 Employee Benefit Contributions - Ordinary Maintenance	\$103,088	\$103,088		\$103,088
94000 Total Maintenance	\$509,495	\$509,495	\$0	\$509,495
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$45,140	\$45,140		\$45,140
96120 Liability Insurance	\$9,394	\$9,394		\$9,394
96130 Workmen's Compensation	\$6,430	\$6,430		\$6,430
96140 All Other Insurance	\$11,018	\$11,018		\$11,018
96100 Total insurance Premiums	\$71,982	\$71,982	\$0	\$71,982
96200 Other General Expenses				
96210 Compensated Absences	-\$3,406	-\$3,406		-\$3,406
96300 Payments in Lieu of Taxes	\$41,642	\$41,642		\$41,642
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$38,236	\$38,236	\$0	\$38,236
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,193,469	\$1,193,469	\$0	\$1,193,469
97000 Excess of Operating Revenue over Operating Expenses	\$250,616	\$250,616	\$0	\$250,616

Sullivan Housing Authority (IN034)
SULLIVAN, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				
97200 Casuality Losses - Non-capitalized	\$40,128	\$40,128		\$40,128
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$544,164	\$544,164		\$544,164
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,777,761	\$1,777,761	\$0	\$1,777,761
10010 Operating Transfer In	\$43,204	\$43,204	-\$43,204	\$0
10020 Operating transfer Out	-\$43,204	-\$43,204	\$43,204	\$0
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$333,676	-\$333,676	\$0	-\$333,676
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$7,443,292	\$7,443,292		\$7,443,292
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	3060	3060		3060
11210 Number of Unit Months Leased	2942	2942		2942
11270 Excess Cash	\$157,128	\$157,128		\$157,128
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$310,011	\$310,011		\$310,011
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0