



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B46033

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](http://www.in.gov/sboa)

March 23, 2016

Board of Directors  
Housing Authority of the City of Bedford  
1305 K Street  
Bedford, IN 47421

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

We call your attention to the three findings in the report concerning the financial statements as noted in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. One finding describes insufficient internal control procedures, a second describes over-utilization of housing assistance payments, and a third describes budget overruns and the second a laborer not paid the prevailing wage in accordance with the Davis-Bacon Act. An additional finding is noted in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. It describes non-compliance with procurement and contract administration including Davis-Bacon Act provisions. All these are classified as significant deficiencies in internal control.

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

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

Paul D. Joyce, CPA  
State Examiner

HOUSING AUTHORITY OF THE CITY OF BEDFORD  
BEDFORD, INDIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

HOUSING AUTHORITY OF THE CITY OF BEDFORD  
Bedford, Indiana

TABLE OF CONTENTS

MARCH 31, 2012

	<u>Page</u>
<b>Section I - Auditor's Report and Management's Discussion and Analysis</b>	
Independent Auditor's Report	i-ii
Management's Discussion and Analysis (unaudited)	iii-ix
<b>Section II - Financial Statements and Notes to Financial Statements</b>	
Basic Financial Statements:	
Statement of Net Assets	1-2
Statement of Revenue, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4-5
Notes to Basic Financial Statements	6-17
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Federal Awards	18
Financial Data Schedule	Exhibit A
<b>Section III - Reports on Compliance and on Internal Control</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing     Standards</i>	1-2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	3-4
Significant Deficiencies Communicated in Prior Years	5
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor Results	6
Section II - Financial Statement Findings	7-10
Section III - Federal Awards Findings	11-12

SECTION I  
AUDITOR'S REPORT  
AND  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Sailor

Khan & Co. LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

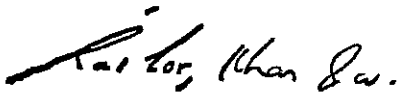
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii to ix be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted on inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sailor

Khan & Co. LLC

---

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Financial Data Schedule are presented for purposes of additional analysis 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sailor, Khan & Co. LLC

November 30, 2012

## Housing Authority of the City of Bedford

### Management's Discussion and Analysis (MD&A) March 31, 2012 (Unaudited)

This section of the Housing Authority of the City of Bedford, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

#### FINANCIAL HIGHLIGHTS

- ▶ The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of March 31, 2012 were \$1,829,676. The net assets decreased by \$93,813, a decrease of 4.9% from the prior year.
- ▶ Revenues and contributions for the Authority were \$1,767,646 for the year ended March 31, 2012. This was a decrease of \$314,614 or 15.1% from the prior year.
- ▶ Expenses for the Authority were \$1,861,459 for the year ended March 31, 2012. This was a decrease of \$19,413 or 1.0% from the prior year.
- ▶ Tenant income for the Authority was \$526,580 for the year ended March 31, 2012, an increase of \$79,680 or 17.8% over the prior year. HUD operating grants for the Authority was \$1,026,681 for the year ended March 31, 2012, a decrease of \$186,168 or 15.3% from the prior year. Capital Contributions for the Authority was \$195,942 for the year ended March 31, 2012, a decrease of \$209,591 or 51.7% from the prior year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Required Financial Statements

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

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Data*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2012 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$1,829,676 at the close of the year ended March 31, 2012 down from \$1,923,489 in fiscal year 2011. The decrease in net assets of \$93,813 was due to the reasons noted below.

- ▶ Current assets include cash, investments, receivables, inventory, and deferred charges. Of the \$17,086 decrease in this category, cash and investments decreased \$81,975, receivables increased \$12,386, inventory decreased \$9,878, and deferred charges increased \$62,381.
- ▶ Restricted assets consist of cash and investments and decreased \$1,641 from FY 2011.
- ▶ Capital assets decreased \$83,204 because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- ▶ Current liabilities decreased \$7,644 mainly due to a decrease in current portion of accrued vacation and sick leave and a decrease in accounts payable.
- ▶ Noncurrent liabilities decreased \$474 due to a decrease in non-current portion of accrued vacation and sick leave.

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

The unrestricted net assets were a deficit of \$14,893 as of March 31, 2012. The restricted net assets were \$90,275 as of March 31, 2012. This amount is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation

**CONDENSED STATEMENTS OF NET ASSETS**  
**MARCH 31,**

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 203,839	\$ 220,925	\$ (17,086)	-7.7%
Restricted assets	14,856	16,497	(1,641)	-9.9%
Capital assets	<u>1,754,294</u>	<u>1,837,498</u>	<u>(83,204)</u>	<u>-4.5%</u>
Total Assets	<u>1,972,989</u>	<u>2,074,920</u>	<u>(101,931)</u>	<u>-4.9%</u>
Current liabilities	104,949	112,593	(7,644)	-6.8%
Noncurrent liabilities	<u>38,364</u>	<u>38,838</u>	<u>(474)</u>	<u>-1.2%</u>
Total Liabilities	<u>143,313</u>	<u>151,431</u>	<u>(8,118)</u>	<u>-5.4%</u>
Net Assets				
Invested in capital assets	1,754,294	1,837,498	(83,204)	-4.5%
Restricted	90,275	71,188	19,087	26.8%
Unrestricted	<u>(14,893)</u>	<u>14,803</u>	<u>(29,696)</u>	<u>-200.6%</u>
Total Net Assets	<u>\$ 1,829,676</u>	<u>\$ 1,923,489</u>	<u>\$ (93,813)</u>	<u>-4.9%</u>

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The 2009 approved capital grant (501-09) totals \$229,102 and was 100.0% expended as of March 31, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 98,825	100.0%	Operations
1408	\$ 15,495	100.0%	Management Improvements
1410	\$ 12,000	100.0%	Administration
1460	\$ 102,782	100.0%	Dwelling Structures

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

The 2009 approved capital fund stimulus grant (ARRA) totals \$291,520 and was 100.0% expended as of March 31, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1410	\$ 29,152	100.0%	Administration
1430	\$ 22,250	100.0%	Fees & Costs
1450	\$ 6,190	100.0%	Site Improvements
1460	\$ 213,978	100.0%	Dwelling Structures
1475	\$ 19,950	100.0%	Non-Dwelling Equipment

The 2010 approved capital grant (501-10) totals \$228,332 and was 46.7% expended as of March 31, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 54,410	100.0%	Operations
1410	\$ 13,822	100.0%	Administration
1450	\$ 9,000	71.1%	Site Improvements
1460	\$ 115,000	10.7%	Dwelling Structures
1465	\$ 16,200	0.0%	Dwelling Equipment
1470	\$ 6,000	98.7%	Non-Dwelling Structures
1475	\$ 13,900	99.5%	Non-Dwelling Equipment

The 2011 approved capital grant (501-11) totals \$185,132 and was 87.2% expended as of March 31, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 24,132	100.0%	Operations
1410	\$ 15,000	100.0%	Administration
1460	\$ 118,000	82.3%	Dwelling Structures
1470	\$ 28,000	89.5%	Non-Dwelling Structures

The 2012 approved capital grant (501-12) totals \$171,371 and was 3.3% expended as of March 31, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 3/31/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 34,274	0.0%	Operations
1410	\$ 15,000	38.3%	Administration
1450	\$ 12,000	0.0%	Site Improvements
1460	\$ 7,097	0.0%	Dwelling Structures
1465	\$ 75,000	0.0%	Dwelling Equipment
1470	\$ 18,000	0.0%	Non-Dwelling Structures
1475	\$ 10,000	0.0%	Non-Dwelling Equipment

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

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

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31,**

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 526,580	\$ 446,900	\$ 79,680	17.8%
HUD operating grants	1,026,681	1,212,849	(186,168)	-15.4%
Interest income	526	534	(8)	-1.5%
Capital Contributions	195,942	405,533	(209,591)	-51.7%
Other income	17,917	16,444	1,473	9.0%
Total Revenues and Contributions	<u>1,767,646</u>	<u>2,082,260</u>	<u>(314,614)</u>	<u>-15.1%</u>
<b>Expenses</b>				
Personal services	535,641	492,794	42,847	8.7%
Utilities	185,769	185,600	169	0.1%
Operations and maintenance	111,836	108,760	3,076	2.8%
Non routine maintenance	28,706	19,673	9,033	45.9%
Insurance	35,822	33,449	2,373	7.1%
Payment in lieu of taxes	16,819	12,391	4,428	35.7%
Other supplies and expenses	72,918	111,093	(38,175)	-34.4%
Housing assistance payments	592,575	610,032	(17,457)	-2.9%
Depreciation	281,373	307,080	(25,707)	-8.4%
Total Expenses	<u>1,861,459</u>	<u>1,880,872</u>	<u>(19,413)</u>	<u>-1.0%</u>
Change in net assets	(93,813)	201,388	(295,201)	
Beginning net assets	<u>1,923,489</u>	<u>1,722,101</u>	<u>201,388</u>	
Ending net assets	<u>\$ 1,829,676</u>	<u>\$ 1,923,489</u>	<u>\$ (93,813)</u>	

As can be seen in the table above, total revenues decreased \$314,614 due to the reasons noted below.

- ▶ Rental income increased \$79,680 or 17.8% mainly due to an increase in rental occupancy of 4.3% and an increase in the average rent charge per unit under lease of \$12.36 or 5.7%.
- ▶ Of the \$186,168 decrease in HUD operating grants, operating subsidy received from HUD decreased \$278,309, housing choice voucher program assistance received from HUD decreased \$9,548, and capital fund grants used for operating expenditures increased \$101,689.

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

- ▶ Other income increased \$1,473 or 9.0% from FY 2011.
- ▶ Interest income decreased \$8 or 1.5% from FY 2011.
- ▶ HUD capital grant revenue decreased \$209,591 from FY 2011. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.

Total expenses decreased \$19,413 due to the reasons noted below.

- ▶ Personal services increased \$42,847 due to increases in wages and benefits.
- ▶ Of the \$169 increase in utilities, water decreased \$24 or 0.1%, electricity decreased \$2,573 or 2.4%, and gas increased \$2,766 or 6.9%.
- ▶ Operations and maintenance increased \$3,076 or 2.8% mainly due to an increase in maintenance material and contracts.
- ▶ Non routine maintenance increased \$9,033 or 45.9% from FY 2011 for non-routine maintenance items.
- ▶ Insurance increased \$2,373 due to increases in insurance premiums.
- ▶ Other supplies and expenses expense decreased \$38,175 or 34.4% primarily due to an increase in collection loss, decrease in other general expenses and a decrease in compensated absences.
- ▶ The Authority had a \$25,707 or 8.4% decrease in depreciation, which is the write-off of capital assets over their estimated useful life.
- ▶ Housing assistance payments decreased \$17,457 or 2.9% due to a decrease in average housing assistance payment per voucher issued of \$10.07 or 3.1%.

The Public Housing occupancy rate for fiscal year ended March 31, 2012 was 90.5%, up from 86.8% in FY 2011.

The Authority is authorized to assist 168 households with the Housing Choice Voucher Rental Assistance Program. The Section 8 lease-up rate for fiscal year ended March 31, 2012 was 93.4%, up from 93.0% in FY 2011.

**Housing Authority of the City of Bedford**  
**(Unaudited)**  
**Management's Discussion and Analysis (MD&A) - Continued**

**CAPITAL ASSETS**

The Housing Authority of the City of Bedford, Indiana's investment in capital assets, net of related debt, as of March 31, 2012 amounts to \$1,754,294 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

*Capital Assets* – The total decrease in the Authority's capital assets for the current fiscal year was 4.5% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$198,169 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$281,373. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report. The Authority has \$311,064 available in Capital Funds to draw down and spend in the future.

	<u>Beginning</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Deductions</u>	<u>Deduction Depreciation</u>	<u>Ending</u>
Capital assets	\$1,837,498	\$281,367	\$(281,373)	\$(112,404)	\$29,206	\$1,754,294

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2013 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$420,687 for housing assistance payments for the months of April through December 2012 in the Housing Choice Voucher Program. The Authority also has \$90,275 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$314.53 for FY 2012, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from April through December 2012. HUD has not established funding levels for the remaining three months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2013 and adjusted for pro-ration which is currently at 80.091%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Joseph Klumpp, Executive Director, Housing Authority of the City of Bedford, 1305 K Street, Bedford, Indiana 47421.

SECTION II  
FINANCIAL STATEMENTS  
AND  
NOTES TO FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET ASSETS

March 31, 2012

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 53,488.63
Investments	28,056.21
Receivable - net of allowances:	
Accounts	40,125.41
Accrued interest	1.61
Inventory - net of allowances	19,614.27
Prepaid expenses	<u>62,552.41</u>
Total Current Assets	<u>203,838.54</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents	<u>14,856.51</u>
Total restricted assets	<u>14,856.51</u>

Capital assets:

Land, improvements, and construction in progress	314,502.72
Other capital assets, net of depreciation	<u>1,439,791.01</u>
Total capital assets- net	<u>1,754,293.73</u>

Total Noncurrent Assets 1,769,150.24

Total Assets \$ 1,972,988.78

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF NET ASSETS (CONTINUED)

March 31, 2012

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 34,136.37
Accrued compensated absences	3,797.41
Tenant security deposit liability	35,861.00
Deferred revenues	<u>31,154.50</u>

Total Current Liabilities 104,949.28

Noncurrent Liabilities:

Accrued compensated absences	<u>38,363.82</u>
------------------------------	------------------

Total Noncurrent Liabilities 38,363.82

Total Liabilities 143,313.10

**NET ASSETS**

Invested in capital assets, net of related debt 1,754,293.73

Restricted for:

HAP 90,275.23

Unrestricted (14,893.28)

Total Net Assets 1,829,675.68

Total Liabilities and Net Assets \$ 1,972,988.78

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended March 31, 2012

<b>Operating Revenues:</b>	
Rental revenue	\$ 526,580.38
Operating subsidies- HUD grants	1,026,680.97
Other revenues	<u>17,916.67</u>
Total operating revenues	<u>1,571,178.02</u>
<b>Operating Expenses:</b>	
Personal services	535,640.66
Utilities	185,769.44
Operations and maintenance	111,835.95
Non routine maintenance	28,706.12
Insurance	35,821.88
Payment in lieu of taxes	16,818.79
Other supplies and expenses	72,917.54
Housing assistance payments	592,575.00
Depreciation	<u>281,373.49</u>
Total operating expenses	<u>1,861,458.87</u>
Operating income (loss)	<u>(290,280.85)</u>
<b>Non-operating revenues (expenses):</b>	
Interest and investment earnings	<u>525.64</u>
Net non-operating revenues (expenses)	<u>525.64</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(289,755.21)
Capital contributions	<u>195,942.14</u>
Change in net assets	(93,813.07)
Net assets at beginning of year	<u>1,923,488.75</u>
Net assets at end of year	<u>\$ 1,829,675.68</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS

For Year Ended March 31, 2012

<b>Cash flows from operating activities:</b>	
Cash received from tenants	\$ 523,968.07
Cash received from HUD grants- operating	1,045,609.97
Cash received from other operating activities	15,971.73
Cash payments for goods and services	(1,086,184.65)
Cash payments to employees-salaries	(375,089.99)
Cash payments to employees-compensated absences	(66,992.64)
Cash payments for employee benefit contributions	(126,420.80)
Cash (payments) receipts for in lieu of property taxes	<u>(12,391.00)</u>
Net cash provided (used) by operating activities	<u>(81,529.31)</u>
<b>Cash flows from capital and related financing activities:</b>	
Capital contributions	192,616.69
Payments for capital assets	<u>(198,169.06)</u>
Net cash (used) for capital and related financing activities	<u>(5,552.37)</u>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of (payments) for investments	67,631.79
Interest and dividends	528.03
Receipts (payments) from tenant security deposits	<u>2,939.00</u>
Net cash provided (used) from investing activities	<u>71,098.82</u>
Net increase (decrease) in cash and cash equivalents	(15,982.86)
Cash and cash equivalents at beginning of year	<u>84,328.00</u>
Cash and cash equivalents at end of year	<u>\$ 68,345.14</u>
Cash and cash equivalents	\$ 53,488.63
Restricted cash and cash equivalents	<u>14,856.51</u>
Total cash and cash equivalents at end of year	<u>\$ 68,345.14</u>

See notes to financial statements

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended March 31, 2012

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:**

Operating income (loss)	\$ (290,280.85)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	281,373.49
Allowance for doubtful accounts	1,797.19
Allowance for inventory	(1,097.64)
Changes in assets and liabilities:	
Receivables	(10,857.94)
Inventory	10,975.37
Prepaid expenses	(62,381.41)
Accounts and other payables	(1,627.25)
Deferred revenues	23,432.50
Compensated absences	(23,750.77)
Accrued expenses	<u>(9,112.00)</u>
Net cash provided (used) by operating activities	<u>\$ (81,529.31)</u>

See notes to financial statements



HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1b. Basis of Presentation (Continued)**

Following is a description of the Authority's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	Accounts for activities of the Stimulus Grant Capital Fund which provides funds to housing authorities to modernize public housing developments with the emphasis on preservation and creation of jobs.

**1c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms, if any, are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accounts receivable - miscellaneous, fraud recovery, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories**

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

**Budgets and Budgetary Accounting**

The Authority adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

**1d. Assets, Liabilities, and Equity (Continued)**

**Estimates and Assumptions**

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,000.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 40 years
Furniture, equipment and machinery - administration	5 years

**Restricted Assets**

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers which is a HUD program.

**Compensated Absences**

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity (Continued)**

**Equity Classifications**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no related debt.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**1e. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

**Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 2 - Stewardship, Compliance, and Accountability**

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**2a. Program Accounting Requirements**

The Authority complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	U.S. Department of Housing and Urban Development

**2b. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

**2c. Revenue Restrictions**

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization
American Recovery and Reinvestment Act - Formula Capital Stimulus Grant	Modernization/Job creation

For the year ended March 31, 2012, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 3 - Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3a. Cash and Investments**

**Deposits**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of March 31, 2012, the Authority's bank balances of \$83,364.51, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

**Investments**

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of March 31, 2012, the Authority's investments were \$28,056.21 in certificates of deposit. These investments were insured by federal depository insurance or registered, or securities held by the Authority or its agent in the Authority's name.

*Credit Risk Investments, Concentrations of Credit Risk and Interest Rate Risk - Investments:*

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority will minimize credit risk by reviewing the financial institutions with which the Authority will do business so that potential losses on individual securities will be minimized.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Authority will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements and investing operating funds primarily in shorter term securities.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority does not have a written investment policy covering concentration of credit risk.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3b. Restricted Assets

The restricted assets as of March 31, 2012, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Total</u>
Unspent HAP subsidy	\$ <u>14,856.51</u>	\$ ----	\$ <u>14,856.51</u>
	\$ <u>14,856.51</u>	\$ ----	\$ <u>14,856.51</u>

Restricted assets are considered non-current since their utilization in the next operating cycle is neither required nor expected.

3c. Accounts Receivable

Receivables detail at March 31, 2012, is as follows:

Tenant accounts receivable	\$ 13,733.08	
Allowance for doubtful accounts	<u>(3,433.27)</u>	
Tenants accounts receivable - net		\$ 10,299.81
Fraud recovery	\$ 16,794.86	
Allowance for doubtful accounts	<u>(251.92)</u>	
Fraud recovery - net		16,542.94
Accounts receivable - HUD - operating subsidy		3,572.00
Accounts receivable - HUD - capital fund		7,755.66
Accounts receivable - other		<u>1,955.00</u>
		\$ <u>40,125.41</u>

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3d. Capital Assets

Capital asset activity for the year ended March 31, 2012, was as follows:

	Balance April 1, 2011	Additions	(Deductions)	Balance March 31, 2012
Land	\$ 167,664.68	\$ ----	\$ ----	\$ 167,664.68
Building	7,593,992.00	153,551.30	(64,950.30)	7,682,593.00
Furniture, equipment and machinery- dwelling	18,247.00	----	(18,247.00)	----
Furniture, equipment and machinery- administration	150,190.00	99,253.50	(29,206.30)	220,237.20
Construction in progress	118,276.48	28,561.56	----	146,838.04
	8,048,370.16	<u>\$ 281,366.36</u>	<u>\$ (112,403.60)</u>	8,217,332.92
Accumulated depreciation	6,210,872.00	<u>\$ 281,373.49</u>	<u>\$ (29,206.30)</u>	6,463,039.19
Total	<u>\$ 1,837,498.16</u>			<u>\$ 1,754,293.73</u>

3e. Accounts Payable

Payable detail at March 31, 2012, is as follows:

Accounts payable - vendors	\$ 8,426.55
Accounts payable - other government - PILOT	16,818.79
Accrued liabilities - other	<u>8,891.03</u>
	<u>\$ 34,136.37</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at March 31, 2012 is \$42,161.23.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3g. Non-current Liabilities**

As of March 31, 2012, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>38,363.82</u>
Total	\$ <u><u>38,363.82</u></u>

The following is a summary of changes in non-current liabilities for the year ended March 31, 2012:

	<u>Balance</u> <u>March 31,</u> <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31,</u> <u>2012</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued compensated absences	\$ <u>38,838.00</u>	\$ <u>---</u>	\$ <u>474.18</u>	\$ <u>38,363.82</u>	\$ <u>3,797.41</u>
Total	\$ <u><u>38,838.00</u></u>	\$ <u>---</u>	\$ <u>474.18</u>	\$ <u><u>38,363.82</u></u>	\$ <u><u>3,797.41</u></u>

**3h. Interprogram Transactions**

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

**NOTE 4 - Other Notes**

**4a. Employee Retirement Plan**

Defined Contribution Plan: The Authority has also provided a defined contribution plan. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Authority contributed 6 percent of covered payroll. Employees also contribute a percentage of covered payroll.

For the year ended March 31, 2012, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 365,977.99
Payroll for covered employees	\$ 365,977.99
Employer (Authority) contributions made	\$ 22,466.76

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

**NOTE 4 - Other Notes (Continued)**

**4b. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

<b>Type of Loss</b>	<b>Method Managed</b>
a. Torts, errors and omissions	Purchased insurance with Auto Owners Insurance.
b. Injuries to employees (workers' compensation)	Purchased insurance with Auto Owners Insurance; Claims are administered by Farmer Group.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.
d. Health and life	Purchased health insurance with Anthem Blue Cross; Life insurance is provided by Guardian.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**4c. Economic Dependency**

The Housing Authority of the City of Bedford receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

March 31, 2012

NOTE 4 - Other Notes (Continued)

4d. Commitments and Contingencies

Commitments—Construction

At March 31, 2012, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-09	\$ 229,102.00	\$ 229,102.00
CFP 501-10	228,332.00	106,683.44
CFP 501-11	185,132.00	161,348.29
CFP 501-12	<u>171,371.00</u>	<u>5,739.66</u>
	<u>\$ 813,937.00</u>	<u>\$ 502,873.39</u>

Contingencies

The Authority is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Year Ended March 31, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing Major - Direct Program</u>		
2012	Low Rent Program	14.850a	\$ <u>211,776.00</u>
	<u>Low Income Public Housing Nonmajor - Direct Program</u>		
2012	Housing Choice Vouchers	14.871	\$ <u>684,918.00</u>
	<u>Public and Indian Housing Major - Direct Program</u>		
2012	Capital Fund program	14.872	\$ <u>290,654.70</u>
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2012	Formula Capital Fund Stimulus Grant	14.885	\$ <u>35,274.41</u>
	<b>Total</b>		\$ <u>1,222,623.11</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1 - Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

EXHIBIT A  
FINANCIAL DATE SCHEDULE

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
111 Cash - Unrestricted	\$17,628			\$17,628	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$35,861		\$14,857	\$14,857	
115 Cash - Restricted for Payment of Current Liabilities				\$35,861	
100 Total Cash	\$53,489	\$0	\$14,857	\$68,346	
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$7,756		\$3,572	\$11,328	
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$1,955			\$1,955	
126 Accounts Receivable - Tenants	\$13,733			\$13,733	
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,433			-\$3,433	
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			\$16,795	\$16,795	
129 Accrued Interest Receivable	\$2		-\$252	-\$252	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$20,013	\$0	\$20,115	\$40,128	
131 Investments - Unrestricted	\$28,056			\$28,056	
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$62,552			\$62,552	
143 Inventories	\$21,794			\$21,794	

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
143.1 Allowance for Obsolete Inventories	-\$2,179			-\$2,179	
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$183,725	\$0	\$34,972	\$218,697	
161 Land	\$167,665			\$167,665	
162 Buildings	\$7,682,593			\$7,682,593	
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$165,858		\$54,379	\$220,237	
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$6,408,860		-\$54,379	-\$6,463,039	
167 Construction in Progress	\$146,838			\$146,838	
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,754,294	\$0	\$0	\$1,754,294	
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	\$1,754,294	\$0	\$0	\$1,754,294	
190 Total Assets	\$1,938,019	\$0	\$34,972	\$1,972,991	
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$8,411		\$16	\$8,427	

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.895 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	\$3,505		\$293	\$3,798	
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$16,819			\$16,819	
341 Tenant Security Deposits	\$35,861			\$35,861	
342 Deferred Revenues	\$31,155			\$31,155	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$8,891			\$8,891	
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$104,642	\$0	\$309	\$104,951	
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	\$31,209		\$7,155	\$38,364	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$31,209	\$0	\$7,155	\$38,364	

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
300 Total Liabilities	\$135,851	\$0	\$7,464	\$143,315	
508.1 Invested In Capital Assets, Net of Related Debt	\$1,754,294			\$1,754,294	
511.1 Restricted Net Assets			\$90,275	\$90,275	
512.1 Unrestricted Net Assets	\$47,874	\$0	-\$62,767	-\$14,893	
513 Total Equity/Net Assets	\$1,802,168	\$0	\$27,508	\$1,829,676	
600 Total Liabilities and Equity/Net Assets	\$1,938,019	\$0	\$34,972	\$1,972,991	

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
111 Cash - Unrestricted	\$17,628
112 Cash - Restricted - Modernization and Development	
113 Cash - Other Restricted	\$14,857
114 Cash - Tenant Security Deposits	\$35,861
115 Cash - Restricted for Payment of Current Liabilities	
100 Total Cash	\$68,346
121 Accounts Receivable - PHA Projects	
122 Accounts Receivable - HUD Other Projects	\$11,328
124 Accounts Receivable - Other Government	
125 Accounts Receivable - Miscellaneous	\$1,955
126 Accounts Receivable - Tenants	\$13,733
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,433
126.2 Allowance for Doubtful Accounts - Other	\$0
127 Notes, Loans, & Mortgages Receivable - Current	
128 Fraud Recovery	\$16,795
128.1 Allowance for Doubtful Accounts - Fraud	-\$252
129 Accrued Interest Receivable	\$2
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$40,128
131 Investments - Unrestricted	\$28,056
132 Investments - Restricted	
135 Investments - Restricted for Payment of Current Liability	
142 Prepaid Expenses and Other Assets	\$62,552
143 Inventories	\$21,794
143.1 Allowance for Obsolete Inventories	-\$2,179

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
144 Inter Program Due From	
145 Assets Held for Sale	
150 Total Current Assets	\$218,697
161 Land	\$167,665
162 Buildings	\$7,682,593
163 Furniture, Equipment & Machinery - Dwellings	
164 Furniture, Equipment & Machinery - Administration	\$220,237
165 Leasehold Improvements	
166 Accumulated Depreciation	-\$5,463,039
167 Construction in Progress	\$146,838
168 Infrastructure	
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,754,294
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	\$1,754,294
190 Total Assets	\$1,972,991
311 Bank Overdraft	
312 Accounts Payable <= 90 Days	\$8,427
313 Accounts Payable >90 Days Past Due	

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
321 Accrued Wage/Payroll Taxes Payable	
322 Accrued Compensated Absences - Current Portion	\$3,798
324 Accrued Contingency Liability	
325 Accrued Interest Payable	
331 Accounts Payable - HUD PHA Programs	
332 Account Payable - PHA Projects	
333 Accounts Payable - Other Government	\$16,819
341 Tenant Security Deposits	\$35,861
342 Deferred Revenues	\$31,155
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	
344 Current Portion of Long-term Debt - Operating Borrowings	
345 Other Current Liabilities	
346 Accrued Liabilities - Other	\$8,891
347 Inter Program - Due To	
348 Loan Liability - Current	
310 Total Current Liabilities	\$104,951
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	\$38,364
355 Loan Liability - Non Current	
356 FASB 5 Liabilities	
357 Accrued Pension and OPEB Liabilities	
350 Total Non-Current Liabilities	\$38,364

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
300 Total Liabilities	\$143,315
508.1 Invested in Capital Assets, Net of Related Debt	\$1,754,294
511.1 Restricted Net Assets	\$90,275
512.1 Unrestricted Net Assets	-\$14,893
513 Total Equity/Net Assets	\$1,829,676
600 Total Liabilities and Equity/Net Assets	\$1,972,991

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELM
70300 Net Tenant Rental Revenue	\$420,166			\$420,166	
70400 Tenant Revenue - Other	\$114,276			\$114,276	
70500 Total Tenant Revenue	\$534,442	\$0	\$0	\$534,442	\$0
70600 HUD PHA Operating Grants					
70610 Capital Grants	\$341,763		\$684,918	\$1,026,681	
70710 Management Fee	\$160,668	\$35,274		\$195,942	
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$518			\$518	
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	\$16,197		\$1,338	\$1,338	
71600 Gain or Loss on Sale of Capital Assets			\$382	\$16,579	
72000 Investment Income - Restricted					
70000 Total Revenue	\$1,053,588	\$35,274	\$8	\$8	\$0
91100 Administrative Salaries	\$123,015		\$48,055	\$171,070	

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
91200 Auditing Fees	\$3,367		\$1,583	\$5,050	
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$43,167		\$10,156	\$53,323	
91600 Office Expenses					
91700 Legal Expense					
91800 Travel	\$1,901		\$256	\$2,157	
91810 Allocated Overhead					
91900 Other	\$55,092		\$5,263	\$60,355	
91000 Total Operating - Administrative	\$226,542	\$0	\$65,413	\$291,955	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$3,980			\$3,980	
92500 Total Tenant Services	\$3,980	\$0	\$0	\$3,980	\$0
93100 Water	\$39,720			\$39,720	
93200 Electricity	\$102,982			\$102,982	
93300 Gas	\$43,066			\$43,066	
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Bedford (IN031)  
BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
93800 Other Utilities Expense					
93000 Total Utilities	\$185,768	\$0	\$0	\$185,768	\$0
94100 Ordinary Maintenance and Operations - Labor	\$187,526		\$7,382	\$194,908	
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,010			\$65,010	
94300 Ordinary Maintenance and Operations Contracts	\$46,826			\$46,826	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$71,526		\$1,573	\$73,099	
94000 Total Maintenance	\$370,888	\$0	\$8,955	\$379,843	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$28,782			\$28,782	
96120 Liability Insurance	\$4,039			\$4,039	
96130 Workmen's Compensation	\$3,001			\$3,001	
96140 All Other Insurance					
96100 Total Insurance Premiums	\$35,822	\$0	\$0	\$35,822	\$0
96200 Other General Expenses	\$1,375			\$1,375	
96210 Compensated Absences	\$37,149		\$6,093	\$43,242	
96300 Payments in Lieu of Taxes	\$16,819			\$16,819	
96400 Bad debt - Tenant Rents	\$7,662			\$7,662	
96500 Bad debt - Mortgages					

Housing Authority of the City of Bedford (IN031)  
BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$63,205	\$0	\$6,093	\$69,298	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$886,205	\$0	\$80,461	\$966,666	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$167,383	\$35,274	\$606,185	\$808,842	\$0
97100 Extraordinary Maintenance	\$28,706			\$28,706	
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$592,267	\$592,267	
97350 HAP Portability-In			\$308	\$308	
97400 Depreciation Expense	\$281,374			\$281,374	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,196,285	\$0	\$673,036	\$1,869,321	\$0
10010 Operating Transfer In	\$99,855			\$99,855	-\$99,855
10020 Operating transfer Out	-\$99,855			-\$99,855	\$99,855

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$142,697	\$35,274	\$13,610	-\$93,813	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	
11030 Beginning Equity	\$1,909,591	\$0	\$13,898	\$1,923,489	
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$35,274	-\$35,274		\$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			-\$62,767	-\$62,767	
11180 Housing Assistance Payments Equity			\$90,275	\$90,275	
11190 Unit Months Available	1932		2016	3948	

Housing Authority of the City of Bedford (IN031)

BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Project Total	14,885 Formula Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	Subtotal	ELIM
11210 Number of Unit Months Leased	1838		1883	3721	
11270 Excess Cash	-\$74,423			-\$74,423	
11610 Land Purchases	\$0			\$0	
11620 Building Purchases	\$182,113			\$182,113	
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	
11640 Furniture & Equipment - Administrative Purchases	\$13,829			\$13,829	
11650 Leasehold Improvements Purchases	\$0			\$0	
11660 Infrastructure Purchases	\$0			\$0	
13510 CFFP Debt Service Payments	\$0			\$0	
13901 Replacement Housing Factor Funds	\$0			\$0	

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
70300 Net Tenant Rental Revenue	\$420,166
70400 Tenant Revenue - Other	\$114,276
70500 Total Tenant Revenue	\$534,442
70600 HUD PHA Operating Grants	\$1,026,681
70610 Capital Grants	\$195,942
70710 Management Fee	
70720 Asset Management Fee	
70730 Book Keeping Fee	
70740 Front Line Service Fee	
70750 Other Fees	
70700 Total Fee Revenue	\$0
70800 Other Government Grants	
71100 Investment Income - Unrestricted	\$518
71200 Mortgage Interest Income	
71300 Proceeds from Disposition of Assets Held for Sale	
71310 Cost of Sale of Assets	
71400 Fraud Recovery	\$1,338
71500 Other Revenue	\$16,579
71600 Gain or Loss on Sale of Capital Assets	
72000 Investment Income - Restricted	\$8
70000 Total Revenue	\$1,775,508
91100 Administrative Salaries	\$171,070
91200 Auditing Fees	\$5,050

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
91300 Management Fee	
91310 Book-keeping Fee	
91400 Advertising and Marketing	
91500 Employee Benefit contributions - Administrative	\$53,323
91600 Office Expenses	
91700 Legal Expense	
91800 Travel	\$2,157
91810 Allocated Overhead	
91900 Other	\$60,355
91000 Total Operating - Administrative	\$291,955
92000 Asset Management Fee	
92100 Tenant Services - Salaries	
92200 Relocation Costs	
92300 Employee Benefit Contributions - Tenant Services	
92400 Tenant Services - Other	\$3,980
92500 Total Tenant Services	\$3,980
93100 Water	\$39,720
93200 Electricity	\$102,982
93300 Gas	\$43,066
93400 Fuel	
93500 Labor	
93600 Sewer	
93700 Employee Benefit Contributions - Utilities	
93800 Other Utilities Expense	

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
93000 Total Utilities	\$185,768
94100 Ordinary Maintenance and Operations - Labor	\$194,908
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,010
94300 Ordinary Maintenance and Operations Contracts	\$46,826
94500 Employee Benefit Contributions - Ordinary Maintenance	\$73,099
94000 Total Maintenance	\$379,843
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
96110 Property Insurance	\$28,782
96120 Liability Insurance	\$4,039
96130 Workmen's Compensation	\$3,001
96140 All Other Insurance	
96100 Total Insurance Premiums	\$35,822
96200 Other General Expenses	\$1,375
96210 Compensated Absences	\$43,242
96300 Payments in Lieu of Taxes	\$16,819
96400 Bad debt - Tenant Rents	\$7,862
96500 Bad debt - Mortgages	
96600 Bad debt - Other	

Housing Authority of the City of Bedford (IN031)  
BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
96800 Severance Expense	
96000 Total Other General Expenses	\$69,298
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
96900 Total Operating Expenses	\$966,666
97000 Excess of Operating Revenue over Operating Expenses	\$808,842
97100 Extraordinary Maintenance	\$28,706
97200 Casualty Losses - Non-capitalized	
97300 Housing Assistance Payments	\$592,267
97350 HAP Portability-In	\$308
97400 Depreciation Expense	\$281,374
97500 Fraud Losses	
97600 Capital Outlays - Governmental Funds	
97700 Debt Principal Payment - Governmental Funds	
97800 Dwelling Units Rent Expense	
90000 Total Expenses	\$1,869,321
10010 Operating Transfer In	\$0
10020 Operating transfer Out	\$0
10030 Operating Transfers from/to Primary Government	

Housing Authority of the City of Bedford (IN031)  
 BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$93,813
11020 Required Annual Debt Principal Payments	\$0
11030 Beginning Equity	\$1,923,489
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$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	-\$62,767
11180 Housing Assistance Payments Equity	\$90,275
11190 Unit Months Available	3948
11210 Number of Unit Months Leased	3721

Housing Authority of the City of Bedford (IN031)  
BEDFORD, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	Total
11270 Excess Cash	-\$74,423
11610 Land Purchases	\$0
11620 Building Purchases	\$182,113
11630 Furniture & Equipment - Dwelling Purchases	\$0
11640 Furniture & Equipment - Administrative Purchases	\$13,829
11650 Leasehold Improvements Purchases	\$0
11660 Infrastructure Purchases	\$0
13510 CFFP Debt Service Payments	\$0
13901 Replacement Housing Factor Funds	\$0

SECTION III  
REPORTS ON COMPLIANCE  
AND  
ON INTERNAL CONTROL

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the Housing Authority of the City of Bedford, Indiana, (Authority) as of and for the year ended March 31, 2012, and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

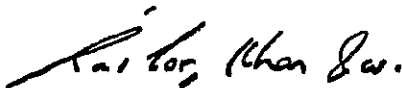
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. These deficiencies are listed starting on page 7. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs. These deficiencies are listed starting on page 7.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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



Sailor, Khan & Co. LLC  
November 30, 2012

**Khan & Co. LLC**

**Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the Housing Authority of the City of Bedford, Indiana, (Authority) 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 Authority's major federal programs for the year ended March 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the 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, 2012. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs starting on page 11.

**Internal Control Over Compliance**

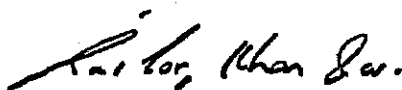
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Authority's internal control over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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs starting on page 11. *A significant deficiency in internal control over compliance* is a deficiency, or combination of control 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 attention by those charged with governance.

The Authority's written response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Housing Authority of the City of Bedford, Indiana's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC  
November 30, 2012

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS**

March 31, 2012

The prior audit report for the year ended March 31, 2011 contained no significant deficiencies.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2012

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
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) on Circular A-133?	Yes
Identification of major programs:	

**CFDA**

**Number(s) Name of Federal Program**

---

14-850a	Public and Indian Housing
14-872	Public and Indian Housing - Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended March 31, 2012 disclosed the following Financial Statement audit findings:

1. Internal Control Procedures

Criteria:

To ensure effectiveness of Internal Control, there needs to be an adequate design of internal controls describing the separation of primary functions. Internal control design must be considered to create effective segregation of primary duties and to strengthen the control environment.

Condition:

We noted that the Authority's internal control procedures are not sufficient.

Questioned Costs:

None.

Effect:

In the absence of adequate internal control procedures there is an increased risk of error and other intentional activities that could affect the integrity of the financial statements or physical custody of assets.

Cause:

The Authority's internal control policy and procedures are not adequate.

Recommendation:

We recommend the Authority's management and its Board design a system of internal control procedures that would address all of the features of an effective internal control system with due consideration to the limitations imposed on the system.

Management's Response:

Authority was advised on making daily deposits. It was suggested that daily deposits be handled with one individual balancing the daily ledger and another staff member checking/proofing the calculations. A third person should physically make the deposit at the financial institution. It was recommended that the staff accountant not be involved in making the deposit.

Action Plan:

Corrective action, as outlined above, were begun immediately following the exit interview with the audit and the Executive Director, Joseph Klumpp is responsible for the implementation.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2. Housing Assistance Payments

Criteria:

The Authority must issue housing choice vouchers within the limitations of their budget.

Condition:

The Authority over utilized their housing assistance payments during the fiscal year.

Questioned Costs:

None.

Effect:

The financial viability of the Housing Authority is jeopardized by depleting cash reserves.

Cause:

Management was not adequately tracking the number and amount of vouchers issued.

Recommendation:

We recommend management take steps to issue vouchers in accordance with HUD guidelines and attempt to replenish funds necessary to restrict as unspent housing assistance payments.

Management's Response:

The Authority has a finding of utilizing Housing Assistance Payment (HAP) funds for Section 8 administrative costs.

Action Plan:

This issue has already been addressed with the HUD Field Office and a formal repayment agreement has been submitted and accepted by HUD.

Additionally, the Authority has had an ongoing, monthly monitoring review with the FO with regards to tracking Housing Choice Vouchers (HCV's) issued and then leased up.

Corrective action, as outlined above, were begun immediately following the exit interview with the audit and the Executive Director, Joseph Klumpp is responsible for the implementation

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

3. Budget Overruns

Criteria:

The Housing Authority must operate within budget constraints.

Condition:

We noted the following budget overruns for fiscal year ending March 31, 2012:

<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Overruns</u>
Administrative Expense	\$ 169,358.00	\$ 233,560.57	\$ 64,202.57
Tenant Services	3,650.00	3,979.91	329.91
Utilities Expense	173,000.00	185,769.44	12,769.44
Maintenance Expense	370,237.00	370,887.19	650.19
Insurance Expense	30,000.00	35,821.88	5,821.88
Total Operating Expenditures	854,695.00	884,781.04	30086.04

Questioned Costs:

None.

Effect:

The Housing Authority exceeded the operating budget in the aforementioned categories.

Cause:

The Housing Authority did not ensure that these budget categories were not exceeded.

Recommendation:

We recommend that the Housing Authority place greater emphasis on operating within the budget constraints. Also, when it appears that the current budget has become insufficient, the Housing Authority must prepare a budget revision.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

3. Budget Overruns (Continued)

Management's Response:

The Authority overspent FY 2012 operating budget by \$30,086.04. These overruns were in five different line items within the actual budget with most of the amount caused due to a Board resolution allowing for lump-sum payoffs of accrued vacation time of Bedford Housing Authority employees.

Action Plan:

The Authority was advised to submit a budget resolution to HUD in the future event of line-item overruns. Corrective action were begun immediately following the exit interview with the audit and the Executive Director, Joseph Klumpp is responsible for the implementation

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended March 31, 2012 disclosed the following Federal Awards audit findings:

4. Contract Administration

Federal Program

14.872 - Capital Fund Program

Criteria:

The Authority must comply with the rules and regulations of the Department of Housing and Urban Development regarding procurement and contract administration.

Condition:

We noted the following deficiencies regarding procurement and contract administration:

- ▶ There was not a clause in the contract tested requiring the contractor to comply with the Davis Beacon Act. The Davis Beacon Act was not being complied with per management.
- ▶ We could find no evidence that certified payrolls were submitted to the Authority from the contractor.
- ▶ The Authority did not issue a notice to proceed before work began.
- ▶ The Authority could not provide documentation that the contractor was not on the debarment list.

Questioned Costs:

None.

Effect:

The Authority is not in compliance with the rules and regulations of the Department of Housing and Urban Development and consequently, the Authority may have to pay restitution for the difference in wages paid by the contractor and what was required to be paid by the Davis Beacon Act.

Cause:

It appears management did not have a complete understanding of the rules and regulations governing procurement and contract administration.

HOUSING AUTHORITY OF THE CITY OF BEDFORD

Bedford, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

March 31, 2012

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

4. Contract Administration (Continued)

Recommendation:

We recommend management review its procedures and ensure that the Authority is in compliance with the rules and regulations governing procurement and contract administration.

Management's Response:

The Authority has deficiencies regarding procurement and contract administration.

Action Plan:

This finding has already been addressed by the HUD Field Office and the HUD Department of Labor Relations. A copy of the on-site monitoring report from the Department of Labor Relations was shown to the auditor. A synopsis of the Authority's corrective action was described in the report, and those actions are currently being addressed by the Authority.

Additionally, the Authority was mandated by the HUD FO to implement labor standards for procurement of Federal contracts in excess of \$2,000.