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May 15, 2013

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

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2008 to March 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Elkhart, as of March 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**HOUSING AUTHORITY  
OF THE CITY OF ELKHART  
ELKHART, INDIANA**

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

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**TWELVE MONTHS ENDED MARCH 31, 2009**

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

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# PAMELA J. SIMPSON, C.P.A.

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## Independent Auditor's Report

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

I have audited the accompanying financial statements of Housing Authority of the City of Elkhart and the aggregate discretely presented component unit, as of and for the year ended March 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Housing Authority of the City of Elkhart and the aggregate discretely presented component unit, as of March 31, 2009 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 30, 2009, on my consideration of the Housing Authority of the City of Elkhart's internal control over financial reporting and my 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 my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 15, are not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

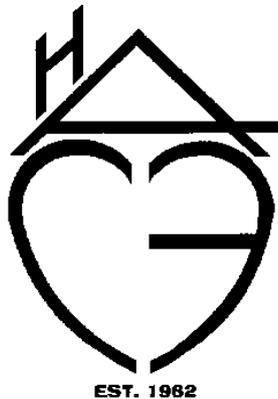
My audit was conducted for the purpose of forming opinions on the financial statements of the Housing Authority of the City of Elkhart, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Housing Authority of the City of Elkhart. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Housing Authority of the City of Elkhart. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois  
October 30, 2009

Handwritten signature of Pamela J. Simpson in cursive script.

Certified Public Accountant

Housing Authority of the City of Elkhart - MD&A  
MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year 2009 Year End Audit Report

By: Joan Lau, Director of Finance, Elkhart Housing Authority

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

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

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

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS

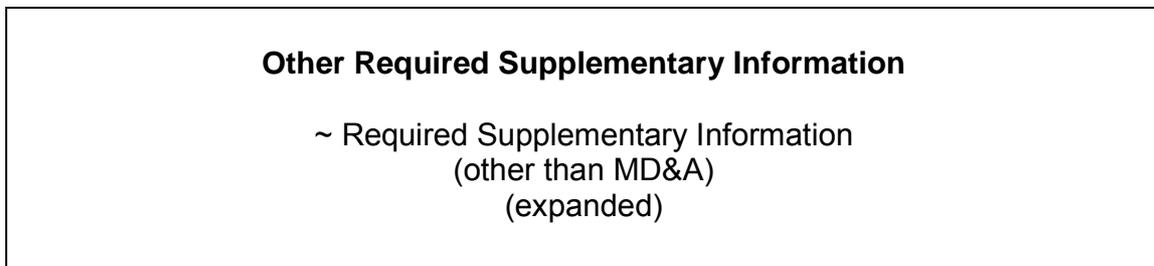
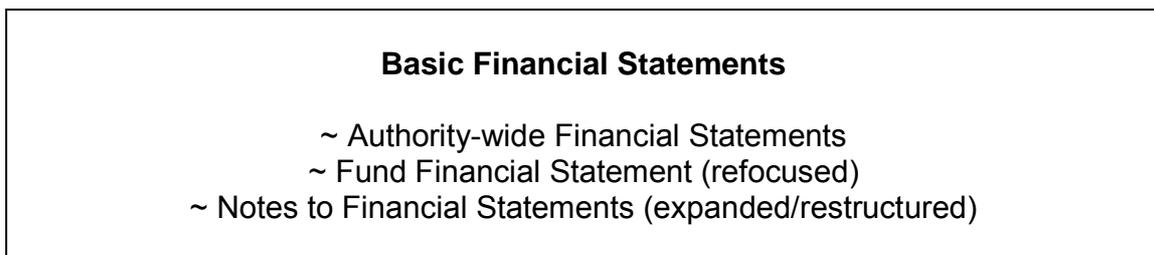
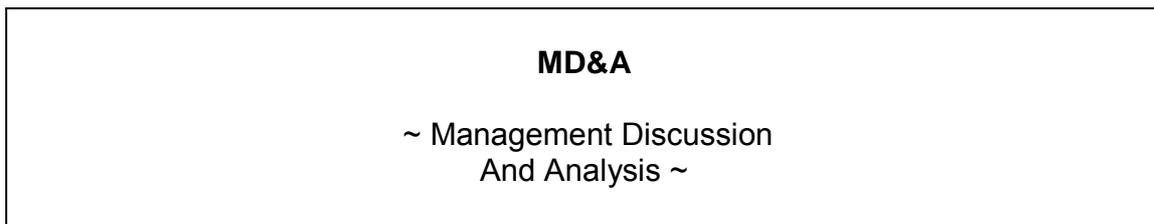
#### FINANCIAL HIGHLIGHTS

- The Authority's net assets were increased by \$116,540 (or 1.1%) during 2009. Since the Authority engages in business-type, counseling, New Construction S/R Section 8, Low Rent Public Housing, Housing Choice Voucher, and Capital Fund program activities, the majority of the increase is for inter-program due to from other programs of \$889,242 and an increase in Notes Receivable of \$185,000. The final major contribution was for an increase in net fixed assets of \$125,346. The remainder of the increase was in Current assets due to a timing lag in drawing down funds for subsidy and an increase in tenant accounts receivable. This makes up the majority of the increase. Our combined Net Assets were as follows:
  - 2009 -\$10,322,879 million
  - 2008-\$10,206,339 million
  - 2007 -\$10,360,619 million
  - 2006- \$10,205,021 million.
- The Component Units revenue was decreased by \$10,175 (or-63%) from 2008's \$16,100 to \$5,925 in 2009. Component units are on the verge of completing the constructions of the remaining homes to bring three homes into operations. We expect to have all three homes leased by early spring 2009.
- Investment Income decreased by \$40,589 (60%) this was a combination of a decrease in interest rate and utilizing our funds for other sources. (i.e. construction and repair).
- Total Tenant Revenue increased by \$84,723 (8.3%) from \$1,025,615(2008) to \$1,110,338(2009). Higher lease up rates and a downturn economy were a contributing factor.
- Other Revenue was down \$28,933 & Fraud Recovery was up \$13,588. Increased repayment agreements helped contribute to this increase.
- Operating Grant funds decreased by \$695,306 (10.1%) from \$6,911,889 to \$6,216,583 and Capital Grant revenue increased by \$509,531 (225.2%) from \$226,253 to \$735,784. This was caused by completion of projects and a decision by management to attempt to retain the 20% Operation Grant transfer until needed.
- The total expenses of all Authority programs increased by \$327,672 a 3.9% increase. Total expenses were \$ 8,377,952 in 2008 and \$8,705,624 in 2009 respectively.

**Housing Authority of the City of Elkhart - MD&A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**USING THIS ANNUAL REPORT**

The following graphic outlining these changes is provided for your review:



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

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Authority-Wide Financial Statements

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

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

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

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

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

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

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

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

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

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Fund Financial Statements

##### The Authority's Funds

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

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents 672 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. Each of our five (5) developments is now reported separately showing income & expenses at each location. This is in compliance with the new Project Based Accounting guidelines as set down by HUD.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. We have been issued 633 vouchers to award to the targeted population of Elkhart County. The Housing Authority City of Elkhart has attained "High Performer Status" for our Housing Choice Voucher program again this year.

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

Component Units – represents non-HUD resources developed from a variety of activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Assets**

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

**TABLE 1**

**STATEMENT OF NET ASSETS**

	2009 (In thousand of dollars)	2008 (In thousands of dollars)
Current and Other Assets	\$3,337.6	\$3,070.7
Capital Assets	8,143.7	8,018.4
Total Assets	11,481.3	11,089.1
Other Liabilities	692.7	643.1
Long-Term Liabilities	465.7	239.6
Total Liabilities	1,158.4	882.7
Net Assets:		
Invested in Capital Assets, Net of Related Debt	7,830.7	7,890.3
Restricted	369.7	871.9
Unrestricted	2,122.5	1,444.2
Total Net Assets	\$10,322.9	\$10,206.4

For more detailed information see the Statement of Net Assets.

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Current and other assets were increased by \$266,900, and Capital Assets increased by \$125,346. Primarily this number was an increase in the following:

##### Current Assets

Accounts Receivable from HUD by	\$ 137,918
Cash decreased by	\$ (546,569)
Accounts Receivable Tenants by	\$ 16,958
Allowance for Doubtful increased by	\$ (1,273)
Accrued Interest decreased by	\$ (4,223)
Prepaid Expenses & Other Assets by	\$ 8,294
Inventories were increased by	\$ 12,656
Investments increased by	\$ 500,000
Other receivables decreased by	\$ (41,861)
Notes receivables by	\$ 185,000

##### Capital Assets

Equipment –administration down by	\$ (426,109)
Equipment – Maintenance up by	\$ 411,172
Leasehold improvements increased by	\$ 529,126
Accumulated Depreciation	\$ (573,886)
Land	\$ (1)
Construction in Progress up by	\$ 185,044

The Accumulated depreciation was affected by the depreciation expense of \$817,440 and retiring assets of (\$243,924). Physical assets were transferred each operating Development & the Central Office Cost Center originally assigned to Low income Public housing. For more detail see "Capital Assets and Debt Administration" below.

Liabilities increased by \$275,706. Short term liabilities increased by \$49,631. The long term liabilities increase of \$226,075 were mainly caused by a \$185,000 increase in long term note between the 2 sisters non for profit organization which were in the process of building homes for low income families. The remainder is made up of a \$37,575 increase in Accrued Compensated Absences –Non Current. This is a combination of cost assigned to the developments and a legacy account where the cost can not be identified to a specific development. These cost occurred prior to the division of the projects into Asset Management Projects (AMP's). An small increase in Noncurrent Liabilities – other of \$3,500 completes increase.

**Housing Authority of the City of Elkhart - MD&A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2 presents details on the change in Unrestricted Net Assets

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

	<u>Millions of dollars</u>
Unrestricted Net Assets 03/31/08	\$1,444.2
Results of Operations	
Depreciation (1)	817.4
Adjusted Results from Operations	(139.1)
Unrestricted Net Assets 3/31/09	\$ 2,122.5

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

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

**Housing Authority of the City of Elkhart - MD&A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TABLE 3**

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

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

	2009 (Thousands of dollars)	2008 (Thousands of dollars)
<b>Revenues</b>		
Tenant Revenue – Rents and Other	\$1,110.3	1,025.6
Operating Subsidies and Grants	6,216.6	6,911.9
Capital Grants	735.8	226.3
Investment Income-unrestricted	3.2	19.0
Investment Income-restricted	23.9	48.6
Fraud Recovery	39.3	25.7
Gain(loss) sale of equip	12.1	(.5)
Fee Revenue	53.7	0.00
Other Revenue	8.0	37.1
Total Revenue	8,202.9	8,293.7
<b>Expenses</b>		
Administrative	1,586.5	1,518.0
Tenant Services	13.2	13.5
Utilities	381.5	359.6
Maintenance	988.3	1,054.7
Casualty Loss	18.5	0.00
General	330.2	291.2
Protective Services	1.8	0.0
Housing Assistance Payments	3,859.7	4,244.2
Depreciation	817.4	896.8
Asset Management Fee	00.0	0.00
Total Expenses	7,997.1	8,378.0
<b>Net Increase</b>	<b>\$ 205.8</b>	<b>\$ (84.3)</b>

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Tenant revenue increased due to a downturn in the economy. Occupancy for the following years is listed:

2003	88.0%
2004	90.9%
2005	88.3%
2006	91.94%
2007	90.29%
2008	90.10%
2009	93.03%

Operating Subsidies was decreased (10%). Capital grants revenue (line 706.1) increased (225.2%) or \$509,531 this increase is due at completion of project in the current year. Investment income has decreased by \$44,317 mainly due to lower interest rate offered and problems with our computer system delaying investment.

Most expenses increased due to inflation and rising gas prices, except for depreciation. Depreciation decreased due to large amounts of assets had attained their useful life and a sale of depleted assets. Utilities were higher due to increased occupancy. Maintenance costs are up due to a increased occupancy and contract costs.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of yearend, the Authority had \$8,143,749 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) \$125,346 from the end of last year.

**Housing Authority of the City of Elkhart - MD&A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TABLE 4**

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

	Business-type Activities	
	2009	2008
Land and land rights	\$ 1,065,518	\$ 1,065,519
Buildings	15,709,985	15,709,985
Equipment – Administrative	251,079	677,188
Equipment - Dwelling	623,019	211,847
Leasehold Improvements	9,788,282	9,259,156
Accumulated Depreciation	(19,574,266)	(19,000,380)
Construction In Progress	280,132	95,088
Total	\$8,143,749	\$8,018,403

The following reconciliation summarizes the change in Capital Assets, presented in detail the notes.

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**

	Business Type Activities
Beginning Balance	\$ 8,018,403
Additions	952,938
Adjustment to Basis	(8,979)
Retirements	(1,173)
Net of Depreciation	(0)
Depreciation	(817,440)
Ending Balance	\$8,143,749

**Housing Authority of the City of Elkhart - MD&A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This year's major additions are:

Business – Type Activities

Capital Improvements Programs (modernization (Modernization completed on variety of the Authority's Public Housing complexes	\$ 939,551
Equipment Purchases	\$ 13,387

**Debt Outstanding**

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

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**STATEMENT OF NET ASSETS  
TWELVE MONTHS ENDED MARCH 31, 2009**

	<u>Proprietary Funds</u>	<u>Component Unit</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,312,563	\$ 118,897
Accounts receivable (interfund eliminated)	563,028	0
Accrued interest receivable	8,465	0
Investments	500,000	0
Inventory	70,768	0
Deferred charges	<u>82,565</u>	<u>0</u>
Total Current Assets	<u>\$ 2,537,389</u>	<u>\$ 118,897</u>
<b>RESTRICTED ASSETS</b>		
Cash	<u>\$ 369,755</u>	<u>\$ 0</u>
<b>NONCURRENT ASSETS</b>		
Notes receivable	<u>\$ 0</u>	<u>\$ 313,094</u>
<b>CAPITAL ASSETS</b>		
Land, buildings and equipment	\$ 27,296,387	\$ 421,628
Less: Accumulated depreciation	<u>-19,574,266</u>	<u>0</u>
Total Capital Assets	<u>\$ 7,722,121</u>	<u>\$ 421,628</u>
Total Assets	<u>\$ 10,629,265</u>	<u>\$ 853,619</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable (interfund eliminated)	\$ 294,816	\$ 3,829
Accrued liabilities	124,139	0
Deferred revenue	<u>271,527</u>	<u>0</u>
Total Current Liabilities	<u>\$ 690,482</u>	<u>\$ 3,829</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	\$ 79,960	\$ 0
Loan payable	0	313,094
FSS escrow	<u>72,640</u>	<u>0</u>
Total Noncurrent Liabilities	<u>\$ 152,600</u>	<u>\$ 313,094</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets	\$ 7,722,121	\$ 108,534
Restricted	369,740	0
Unrestricted	<u>1,694,322</u>	<u>428,162</u>
Total Net Assets	<u>\$ 9,786,183</u>	<u>\$ 536,696</u>

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2009**

<u>Operating Income</u>	Proprietary Funds	Component Unit
Tenant rental revenue	\$ 982,475	\$ 1,124
Tenant revenue - other	<u>126,574</u>	<u>165</u>
Total Rental Income	\$ 1,109,049	\$ 1,289
HUD grants - operating	6,216,583	0
Fraud recovery	39,288	0
Other revenue	59,877	1,950
Gain (loss) on sale of fixed assets	<u>12,080</u>	<u>0</u>
Total Operating Income	<u>\$ 7,436,877</u>	<u>\$ 3,239</u>
 <u>Operating Expenses</u>		
Administration	\$ 1,586,177	\$ 299
Tenant services	13,155	0
Utilities	380,544	934
Ordinary maintenance and operation	986,447	1,884
Protective services	1,800	0
General expense	328,772	1,476
Casualty losses	18,468	0
Housing assistance payments	3,859,744	0
Depreciation	<u>817,440</u>	<u>0</u>
Total Operating Expenses	<u>\$ 7,992,547</u>	<u>\$ 4,593</u>
Net Operating Income (Loss)	\$ -555,670	\$ -1,354
 <u>Nonoperating Income (Expense)</u>		
Interest income	24,348	2,686
 <u>Capital Contributions</u>		
Capital fund grants	<u>735,784</u>	<u>0</u>
Changes in net assets	\$ 204,462	\$ 1,332
Net assets, beginning of year	9,670,975	535,364
Prior period adjustments	<u>-89,254</u>	<u>0</u>
Net assets, end of year	<u>\$ 9,786,183</u>	<u>\$ 536,696</u>

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**STATEMENT OF CASH FLOWS  
TWELVE MONTHS ENDED MARCH 31, 2009**

<u>Operating Activities</u>	Proprietary Funds	Component Unit
Operating grants	\$ 5,978,814	\$ 0
Tenant revenue	1,097,724	3,539
Other revenue	819,729	1,950
Housing assistance payments	-3,859,744	0
Payments to employees	-1,275,194	-883
Payments to suppliers and contractors	<u>-2,634,628</u>	<u>-187,131</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 126,701</u>	<u>\$ -182,525</u>
 <u>Investing Activities</u>		
Investments (purchased) redeemed	\$ -500,000	\$ 0
Interest income	<u>25,082</u>	<u>6,175</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -474,918</u>	<u>\$ 6,175</u>
 <u>Capital and Related Financing Activities</u>		
Capital fund grants	\$ 735,784	\$ 0
Additions (deletions) to fixed assets	-756,524	-186,262
Installment of loan	<u>0</u>	<u>185,000</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -20,740</u>	<u>\$ -1,262</u>
Net Change in Cash	\$ -368,957	\$ -177,612
Cash Balance at March 31, 2008	<u>2,051,275</u>	<u>296,509</u>
Cash Balance at March 31, 2009	<u>\$ 1,682,318</u>	<u>\$ 118,897</u>

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**STATEMENT OF CASH FLOWS  
TWELVE MONTHS ENDED MARCH 31, 2009**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	Proprietary <u>Funds</u>	Component <u>Unit</u>
Net operating income (loss)	\$ -555,670	\$ -1,354
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	817,440	0
Adjustments to net assets	-89,254	0
(Increase) decrease in accounts receivable	-113,321	0
(Increase) decrease in deferred charges	-8,294	0
(Increase) decrease in inventories	-12,656	0
(Increase) decrease in loans receivable	0	-185,000
Increase (decrease) in accounts payable	-34,031	3,829
Increase (decrease) in accrued liabilities	59,704	0
Increase (decrease) in deferred revenues	59,283	0
Increase (decrease) in other liabilities	<u>3,500</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 126,701</u>	<u>\$ -182,525</u>

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

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

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Elkhart is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements.

The Housing Authority has a component unit consisting of two non-profit sister corporations. The first is known as Housing Finance Corporation. The purpose for which the Corporation is formed is to carry out or assist in carrying out low-income housing projects, including assistance by borrowing and lending funds, with an emphasis on low-income housing projects formed or financed in compliance with Section 8 of the United States Housing Act of 1937 and the regulations promulgated thereunder. During 2009 Housing Finance Corporation changed its fiscal year of operations to match the current fiscal year of the Housing Authority. The change resulted in going from a December 31 year end to a March 31 year end, resulting in three months of operations labeled as short period income.

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(b) Method of Accounting -

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

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

(c) Financial Statement Presentation

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

(d) Funds -

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

- \* Low Rent Public Housing
- \* Housing Choice Vouchers
- \* New Construction
- \* Housing Counseling
- \* Capital Fund Program
- \* American Recovery and Reinvestment Act - Formula Capital Stimulus Grant
- \* ROSS
- \* Disaster Housing Assistance Grant
- \* Elkhart Community Foundation Grant
- \* Component Unit (Housing Finance Corporation and Elkhart Community Housing Corp)

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

*Proprietary Fund Types:*

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the practice of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of six (6) months or less when purchased to be cash equivalents.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as “due from other programs” or “due to other programs” on the combining statement of net assets and have been eliminated in the basic financial statements.

(g) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2009, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(h) Inventories and Materials -

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

(i) Investments -

Investments are stated at cost which approximates market.

(j) Fixed Assets -

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

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Fixed Assets - (Continued)

Land, buildings and equipment contains the following:

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

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

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

(k) Net Assets -

GASB Statement 34 requires the classification of net assets into three components as defined below:

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

(l) Income Tax -

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(m) Annual Contributions/Subsidies and Other Grants

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

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

- (n) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval.
- (o) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (p) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (q) Rental income is recognized as rents become due.
- (r) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

All cash and investments are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

*Custodial Credit Risk*

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

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

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

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

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

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

- Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.
- Category 3 - Deposits which are not collateralized or insured.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 486,452	\$ 717,497
Voucher	1,127,410	1,128,351
New Construction	52,452	52,452
Elkhart Community Foundation Grant	5,296	5,296
Disaster Housing Assistance Grant	<u>10,708</u>	<u>10,708</u>
Total	\$ 1,682,318	\$ 1,914,304
Component Unit	<u>118,897</u>	<u>118,938</u>
Combined Total	<u>\$ 1,801,215</u>	<u>\$ 2,033,242</u>

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

- Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.
- Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Central Office Cost Center	\$ 100,000	\$ 100,000
Voucher	<u>400,000</u>	<u>400,000</u>
Total	<u>\$ 500,000</u>	<u>\$ 500,000</u>

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 3 - Compensated Absences

Sick Leave

Employees may be paid for leave taken due to illness. Sick leave is accumulated at the rate of 3.69 hours per pay period. Any employee having more than eight hundred (800) hours accumulated sick leave forfeits accumulated pay for any hours over eight hundred (800) hours. An employee may take hours in excess of eight hundred (800) hours for illness at the discretion of the Executive Director.

Employees who voluntarily terminate employment shall be paid a lump sum for fifty percent (50%) of any accumulated sick leave up to four hundred (400) hours pay for eight hundred (800) or more hour's accumulated sick leave.

However, if the separation is the result of retirement at or after age of 62 and the employee has five (5) or more years of continuous service prior to retirement, the employee shall be paid one hundred percent (100%) of the accumulated sick leave up to four hundred (400) hours pay for eight hundred (800) or more hours accumulated sick leave.

Annual Leave

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

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

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

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

After fifteen (15) years of continuous service and beginning in the first month of the sixteenth year of employment, the employee shall earn 16.67 hours of annual leave time for each month of employment.

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate. The plan requires the Housing Authority to contribute 12.5% of the employees base salary each month. The Housing Authority's contribution for each employee are vested after 5 years. Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. For the fiscal year ended March 31, 2009, actual contributions by the Housing Authority were \$137,438 based on \$1,293,487 of wage and salary expense.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:	Proprietary <u>Funds</u>	Component Unit
Tenants accounts receivable	\$ 50,346	\$ 0
Accounts receivable - HUD	504,397	0
Accounts receivable - other	<u>8,285</u>	<u>0</u>
Subtotal	\$ 563,028	\$ 0
Interfund	<u>887,663</u>	<u>0</u>
Total	<u>\$ 1,450,691</u>	<u>\$ 0</u>

Note 6 - Investments

At March 31, 2009 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	3.50-3.69%	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Note 7 - Loan Receivable/Loan Payable

The Housing Finance Corporation agreed to loan the Elkhart Community Housing Corporation up to \$200,000 for the construction of two homes. The balance of the interfund loan receivable/payable at March 31, 2009 was as follows:

Note payable	\$ -313,094
Note receivable	<u>313,094</u>
Net	<u>\$ 0</u>

The note does not bear interest and does not state a due date.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 8 - Deferred Charges

This classification includes the following:	<u>Proprietary Funds</u>	<u>Component Unit</u>
Prepaid insurance	\$ 36,945	\$ 0
Other	<u>45,620</u>	<u>0</u>
Total	<u>\$ 82,565</u>	<u>\$ 0</u>

Note 9 - Fixed Assets

	<u>Proprietary Funds</u>	<u>Component Unit</u>
Balance as of March 31, 2009	\$ 7,722,121	\$ 421,628
Balance as of March 31, 2008	<u>7,783,037</u>	<u>235,366</u>
Net Increase (Decrease)	<u>\$ -60,916</u>	<u>\$ 186,262</u>

Reconciliation

Replacement of non-expendable equipment	\$ 12,169	\$ 1,218
Property betterments and additions	754,507	185,044
Current year depreciation expense	-817,440	*
Restatement of beginning balances:		
Fixed asset basis	-8,979	0
Dispositions	<u>-1,173</u>	<u>0</u>
Net Increase (Decrease)	<u>\$ -60,916</u>	<u>\$ 186,262</u>

Proprietary Funds

Analysis

	<u>04/01/08 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/09 Balance</u>
Land	\$ 925,241	\$ 0	\$ 1	\$ 925,240
Buildings	15,709,985	0	0	15,709,985
Equipment and furniture	889,035	228,942	245,097	872,880
Leasehold improvements	<u>9,259,156</u>	<u>754,507</u>	<u>225,381</u>	<u>9,788,282</u>
Total	\$ 26,783,417	\$ 983,449	\$ 470,479	\$ 27,296,387
Accumulated depreciation	<u>-19,000,380</u>	<u>243,924</u>	<u>817,810</u>	<u>-19,574,266</u>
Net Assets	<u>\$ 7,783,037</u>	<u>\$ 1,227,373</u>	<u>\$ 1,288,289</u>	<u>\$ 7,722,121</u>

\* Current year depreciation expense recognized.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 9 - Fixed Assets - Continued

<u>Component Unit Analysis</u>	<u>04/01/07 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/08 Balance</u>
Land	\$ 140,278	\$ 0	\$ 0	\$ 140,278
Equipment and Furniture	0	1,218	0	1,218
Construction in progress	<u>95,088</u>	<u>185,044</u>	<u>0</u>	<u>280,132</u>
Net Assets	<u>\$ 235,366</u>	<u>\$ 186,262</u>	<u>\$ 0</u>	<u>\$ 421,628</u>

Note 10 - Accounts Payable

This classification includes the following accounts:

	<u>Proprietary Funds</u>	<u>Component Unit</u>
Vendors and contractors	\$ 139,814	\$ 0
Tenants security deposits	85,758	2,250
Accounts payable - Public Housing	0	1,579
Accounts payable - other	<u>69,244</u>	<u>0</u>
Subtotal	\$ 294,816	\$ 3,829
Interfund	<u>887,663</u>	<u>0</u>
Total	<u>\$ 1,182,479</u>	<u>\$ 3,829</u>

Note 11 - Notes Payable

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

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

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

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 12 - Accrued Liabilities

Accrued liabilities consists of the following:	Proprietary Funds	Component Unit
<u>Current Portion:</u>		
Accrued compensated absences	\$ 39,534	\$ 0
Accrued wages/payroll taxes	43,675	0
PILOT	<u>40,930</u>	<u>0</u>
Total Current Portion	\$ 124,139	\$ 0
<u>Noncurrent Portion:</u>		
Accrued compensated absences	<u>79,960</u>	<u>0</u>
Total	<u>\$ 204,099</u>	<u>\$ 0</u>

Note 13 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	<u>\$ 72,640</u>	<u>\$ 0</u>
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Note 14 - Summary of Long Term Liabilities

A summary of long term liabilities as of March 31, 2009

	04/01/2008 Balance	Increase	Decrease	03/31/2009 Balance
<u>Proprietary Funds</u>				
Accrued compensated absences	\$ 42,385	\$ 37,575	\$ 0	\$ 79,960
FSS escrow	<u>69,140</u>	<u>3,500</u>	<u>0</u>	<u>72,640</u>
Subtotal	\$ 111,525	\$ 41,075	\$ 0	\$ 152,600
<u>Component Unit</u>				
Loan payable	<u>128,094</u>	<u>185,000</u>	<u>0</u>	<u>313,094</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 15 - Deferred Revenue

This classification consists of the following:

Tenants prepaid rent	\$ 4,075	\$ 0
Other unearned revenue	<u>267,452</u>	<u>0</u>
Total	<u>\$ 271,527</u>	<u>\$ 0</u>

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 16 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on an annual basis.

Note 17 - Allocation of Costs

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

Note 18 - Contingencies

Federal Grants

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

Note 19 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

	Proprietary <u>Funds</u>	Component <u>Unit</u>
Adjustment of fixed asset basis	\$ -11,402	\$ 0
Adjustment of tenant accounts receivable	-75	0
Adjustment of interfunds	-78,181	0
Corrections	<u>404</u>	<u>0</u>
Total	<u>\$ -89,254</u>	<u>\$ 0</u>

Note 20 Contracts/Commitments

As of March 31, 2009, the Housing Authority had entered into the following pending construction projects in progress:

	Funds <u>Approved</u>	Funds Expended <u>To Date</u>
CFP 501-06	\$ 1,097,375	\$ 1,048,411
CFP 501-07	1,007,648	540,630
CFP 501-08	1,096,235	593,458
Stimulus Grant 501-09	<u>1,387,617</u>	<u>0</u>
Total	<u>\$ 4,588,875</u>	<u>\$ 2,182,499</u>

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2009  
(CONTINUED)**

Note 21 - Risk Management

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

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

Note 22 - Economic Dependency

The Housing Authority received most of its revenue (78%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2009**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>					
Direct Programs:					
Public and Indian Housing*	14.850a	FYE 03/31/09	\$ <u>1,675,810</u>	\$ <u>1,675,810</u>	\$ <u>1,675,810</u>
Lower Income Housing Assistance Program - New Construction*	14.182	FYE 03/31/09	\$ <u>798,161</u>	\$ <u>798,161</u>	\$ <u>798,161</u>
Housing Choice Voucher Program*	14.871	FYE 03/31/09	\$ <u>3,313,246</u>	\$ <u>3,313,246</u>	\$ <u>3,313,246</u>
Public Housing - Capital Fund*	14.872	FYE 03/31/09	\$ <u>4,295,670</u>	\$ <u>1,110,713</u>	\$ <u>1,110,713</u>
Housing Counseling Assistance	14.169	FYE 03/31/09	\$ <u>27,780</u>	\$ <u>27,780</u>	\$ <u>27,780</u>
Disaster Housing Assistance Grant	97.109	FYE 03/31/09	\$ <u>1,465</u>	\$ <u>1,465</u>	\$ <u>1,465</u>
ROSS Grant	14.870	FYE 03/31/09	\$ <u>25,192</u>	\$ <u>25,192</u>	\$ <u>25,192</u>
Total Housing Assistance			\$ <u>10,137,324</u>	\$ <u>6,952,367</u>	\$ <u>6,952,367</u>

\*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)  
TWELVE MONTHS ENDED MARCH 31, 2009**

Note 1: Expenditures to the Housing Choice Voucher Program are reported equal to revenues recognized. This method of expenditure recognition does not reconcile to the Housing Authority's financial statements, but is required by HUD.

Note 2: Housing Authority of the City of Elkhart did not award any federal awards to any sub-recipients in the current fiscal year.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
PHASE IN36P026501-05**

1. The Actual Modernization Costs of Phase IN36P026501-05 are as follows:

Funds approved	\$ 1,094,412
Funds expended	<u>1,094,412</u>
Excess of Funds Approved	<u><u>0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 1,094,412
Funds expended	<u>1,094,412</u>
Excess of Funds Advanced	<u><u>0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated January 13, 2009, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

# PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

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

I have audited the financial statements of the governmental activities and the aggregate discretely presented component unit of Housing Authority of the City of Elkhart as of and for the year ended March 31, 2009, which collectively comprise the Housing Authority of the City of Elkhart's basic financial statements and have issued my report thereon dated October 30, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of the City of Elkhart's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of the City of Elkhart's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the City of Elkhart's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of the City of Elkhart's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

## Compliance and Other Matters

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

I noted certain matters that we reported to management of Housing Authority of the City of Elkhart, in a separate letter dated October 30, 2009.

This reported in intended solely for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Decatur, Illinois  
October 30, 2009



Certified Public Accountant

# PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Compliance**

I have audited the compliance of Housing Authority of the City of Elkhart with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. Housing Authority of the City of Elkhart'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 Housing Authority of the City of Elkhart's management. My responsibility is to express an opinion on Housing Authority of the City of Elkhart's compliance based on my audit.

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

In my opinion, Housing Authority of the City of Elkhart complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009. The results of my auditing procedures disclosed no instances of noncompliance with those requirements.

### **Internal Control Over Compliance**

The management of Housing Authority of the City of Elkhart is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Housing Authority of the City of Elkhart's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Elkhart's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

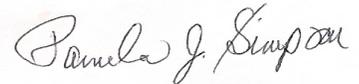
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Housing Authority of the City of Elkhart in a separate letter dated October 30, 2009.

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

Decatur, Illinois  
October 30, 2009



Certified Public Accountant

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended March 31, 2008 contained no findings.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE YEAR ENDED MARCH 31, 2009**

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

Low Risk Auditee \_\_\_\_\_ yes X no

*Financial Statements*

Type of auditor's report: Unqualified

\* Material weakness(es) identified? \_\_\_\_\_ yes X no

\* Significant deficiency (ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ yes X one reported

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

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified? \_\_\_\_\_ yes X no

\* Significant deficiency (ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ yes X none reported

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

Any audit findings disclosed that are required to be reported in  
accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes X no

Major Programs: (Threshold \$300,000) CFDA Number(s)

Public and Indian Housing	14.850a
Lower-Income Housing Assistance Program -New Construction	14.182
Housing Choice Voucher Program	14.871
Public Housing - Capital Funds	14.872

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Findings**

There were no financial statement audit findings discussed with Kim Sindle, Executive Director and the Board of Commissioners during the course of the audit or at an exit conference held October 30, 2009.

**Section II - Federal Award Findings**

There were no federal award audit findings discussed with Kim Sindle, Executive Director and the Board of Commissioners during the course of the audit or at an exit conference held October 30, 2009.

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
MARCH 31, 2009**

<u>Amp 1</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accumulated depreciation	1400.5	\$ 388.79		1400.50
Undesignated fund balance	2806		\$ 388.79	2806
(To remove beginning accumulated depreciation from soft costs counted in prior year)				
(2)				
Collection losses	4570	\$ 676.56		2806
Allowance for doubtful acct	1122.22		\$ 676.56	1122.22
(To adjust accrued interest receivable to actual)				
(3)				
Water	4310	\$ 581.18		2806
Sewer	4310.50	662.42		2806
Gas	4330	3,576.59		2806
Vendor payable	2111		\$ 4,820.19	2111
(To set up vendor payable per search for unrecorded)				
(4)				
PILOT expense	4510	\$ 11,535.41		2806
PILOT	2137		\$ 11,535.41	2137
(To set up PILOT per calculation)				
(5)				
Operating transfer - out	9111	\$ 105.68		2806
Admin - soft costs	----	2,272.56		2806
Retainer payable	2112	9,419.76		2112
Undesignated fund balance	2806	16,566.94		2806
Operating transfer - in	9110		\$ 28,364.94	2806
(To record soft costs on Capital Fund income statement)				
<u>Amp 2</u>				
(1)				
Undesignated fund balance	2806	\$ 868.05		2806
Accumulated depreciation	1400.5		\$ 868.05	1400.5
(To remove beginning accumulated depreciation from soft costs that had a negative balance)				
(2)				
Water	4310	\$ 441.75		2806
Sewer	4310.50	379.57		2806
Gas	4330	1,826.30		2806
Vendor payable	2111		\$ 2,647.62	2111
(To set up vendor payable per search for unrecorded)				

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
MARCH 31, 2009**

<u>Amp 2</u>	<u>Audit</u> <u>Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting</u> <u>Account Number</u>
(3)				
PILOT expense	4510	\$ 4,411.03		2806
PILOT	2137		\$ 4,411.03	2137
(To set up PILOT per calculation)				
(4)				
Admin - soft costs	----	\$ 63,405.26		2806
Retainer payable	2112	40,669.56		2112
Undesignated fund balance	2806	17,933.87		2806
Operating transfer - in	9110		\$ 92,233.95	2806
Operating transfer - out	9111		29,774.74	2806
(To record soft costs on Capital Fund income statement)				
<u>Amp 3</u>				
(1)				
PILOT expense	4510	\$ 12,633.17		2806
PILOT	2137		\$ 12,633.17	2137
(To set up PILOT per calculation)				
(2)				
Admin - soft costs	----	\$ 2,272.56		2806
Retainer payable	2112	13,123.02		2112
Undesignated fund balance	2806	23,973.56		2806
Operating transfer - in	9110		\$ 20,377.37	2806
Operating transfer - out	9111		18,991.77	2806
(To record soft costs on Capital Fund income statement)				
<u>Amp 4</u>				
(1)				
Water	4310	\$ 84.39		2806
Sewer	4310.50	43.14		2806
Gas	4330	12.43		2806
Contract - unit turnaround	9430.60	445.00	\$ 8.90	2806
Vendor payable	2111		576.06	2111
(To set up vendor payable per search for unrecorded)				
(2)				
PILOT expense	4510	\$ 5,206.82		2806
PILOT	2137		\$ 5,206.82	2137
(To set up PILOT per calculation)				
(3)				
Admin - soft costs	----	\$ 45,765.18		2806
Retainer payable	2112	20,107.92		2112
Operating transfer - in	9110		\$ 45,726.72	2806
Operating transfer - out	9111		14,597.07	2806
Undesignated fund balance	2806		5,549.31	2806
(To record soft costs on Capital Fund income statement)				

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
MARCH 31, 2009**

<u>Amp 7</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Compensated absence expense	4120	\$ 850.40		2806
Accrued compensated absences	2135.10		\$ 850.40	2135.10
(To adjust general ledger to schedule)				
(2)				
Collection losses	4570	\$ 539.51		2806
Allowance for doubtful acct	1122.225		\$ 539.51	1122.22
(To adjust accrued interest receivable to actual)				
(3)				
Water	4310	\$ 551.57		2806
Sewer	4310.50	516.88		2806
Gas	4330	3,881.21		2806
Vendor payable	2111		\$ 4,949.66	2111
(To set up vendor payable per search for unrecorded)				
(4)				
PILOT expense	4510	\$ 7,143.95		2806
PILOT	2137		\$ 7,143.95	2137
(To set up PILOT per calculation)				
(5)				
Admin - soft costs	----	\$ 21,984.05		2806
Retainer payable	2112	17,444.22		2112
Undesignated fund balance	2806	12,904.33		2806
Operating transfer - in	9110		\$ 30,290.48	2806
Operating transfer - out	9111		22,042.12	2806
(To record soft costs on Capital Fund income statement)				
<u>Voucher</u>				
(1)				
Accrued interest receivable	1145	\$ 1,160.28		1145
Interest income	3430		\$ 1,160.28	2806
(To adjust accrued interest to actual)				
(2)				
Interfunds - receivable	1129.20	\$ 4,513.37		1129.20
Interest income	3610		\$ 4,513.37	2806
(To record prior year audit adjustment)				
(3)				
Accounts receivable - HUD	1135.30	\$ 5,878.00		1135.30
Admin fee receivable	3401.01		\$ 5,878.00	2806
(To set up receivable from HUD for admin fee to PHA per calculation)				

**HOUSING AUTHORITY OF THE CITY OF ELKHART  
ELKHART, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
MARCH 31, 2009**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(4)				
Surplus	2806	\$ 51,377.98		2806
Accounts payable - HUD	1135.30		\$ 51,377.98	1135.30
(To put accounts payable to HUD for New Construction closeout that was written off ; no notice from HUD)				
<u>Cost Center</u>				
(1)				
Accrued interest receivable	1145	\$ 1,568.50		1145
Interest income	3610		\$ 1,568.50	2806
(To adjust receivable per notice of interest received at maturity)				
(2)				
Interest income	3610	\$ 4,513.37		2806
Interfunds - payable	1129.20		\$ 4,513.37	1129.20
(To transfer interest paid for a Voucher CD that interest was claimed on LIPH)				
(3)				
Water	4310	\$ 84.15		2806
Sewer	4310.50	60.86		2806
Gas	4330	681.12		2806
Vendor payable	2111		\$ 826.13	2111
(To set up vendor payable per search for unrecorded)				
(4)				
Admin - soft costs	----	\$ 68,848.41		2806
Retainer payable	2112	29,442.24		2112
Operating transfer - in	9110		\$ 42,684.01	2806
Undesignated fund balance	2806		55,606.64	2806
(To record soft costs on Capital Fund income statement)				

Housing Authority of the City of Elkhart (IN026)  
ELKHART, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2009

	Project Total	14.182 NIC/S/R Section 8 Programs	6 Component Units	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	97.109 Disaster Housing Assistance Grant	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$325,967	\$52,452	\$116,647		\$762,966		\$10,708		\$74,712	\$1,343,452		\$1,343,452
112 Cash - Restricted - Modernization and Development	\$15			\$5,296	\$364,444					\$369,755		\$369,755
114 Cash - Tenant Security Deposits	\$85,758		\$2,250							\$88,008		\$88,008
115 Cash - Restricted for Payment of Current Liabilities	\$411,740	\$52,452	\$116,897	\$5,296	\$1,127,410	\$0	\$10,708	\$0	\$74,712	\$1,801,215	\$0	\$1,801,215
100 Total Cash												
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	\$283,980	\$139,901			\$5,878	\$22,669		\$25,192	\$32,655	\$504,397		\$504,397
124 Accounts Receivable - Other Government										\$5,878		\$5,878
125 Accounts Receivable - Miscellaneous			\$50,000						\$828	\$50,828		\$50,828
126 Accounts Receivable - Tenants	\$54,602									\$54,602		\$54,602
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,256	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$4,256	\$0	-\$4,256
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	-\$50,000	\$0	-\$50,000
127 Notes, Loans, & Mortgages Receivable - Current												
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud					\$5,787				\$2,678	\$8,465		\$8,465
129 Accrued Interest Receivable					\$11,665		\$0	\$25,192	\$36,161	\$59,914	\$0	\$59,914
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$334,326	\$139,901	\$0	\$0	\$11,665	\$22,669	\$0	\$25,192	\$100,000	\$500,000	\$0	\$500,000
131 Investments - Unrestricted					\$400,000							
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets												
143 Inventories	\$19,850								\$82,565	\$82,565		\$82,565
143.1 Allowance for Obsolete Inventories	-\$375								\$52,340	\$72,190		\$72,190
144 Inter Program Due From	\$38,709						\$8,920		-\$1,047	-\$1,422		-\$1,422
145 Assets Held for Sale					\$4,980				\$836,633	\$889,242	-\$889,242	\$0
150 Total Current Assets	\$804,250	\$192,353	\$118,897	\$5,296	\$1,544,055	\$22,669	\$19,628	\$25,192	\$1,181,364	\$3,913,704	-\$889,242	\$3,024,462
161 Land	\$783,644		\$140,278		\$41,596				\$100,000	\$1,065,518		\$1,065,518
162 Buildings	\$14,371,169								\$1,338,816	\$15,709,985		\$15,709,985
163 Furniture, Equipment & Machinery - Dwellings	\$236,264				\$31,742				\$353,795	\$623,019		\$623,019
164 Furniture, Equipment & Machinery - Administration	\$15,944				\$30,567	\$3,640			\$200,928	\$251,079		\$251,079
165 Leasehold Improvements	\$8,877,604								\$1,110,678	\$9,988,282		\$9,988,282
166 Accumulated Depreciation	-\$17,767,128		\$0		-\$64,462	-\$1,862			-\$1,720,816	-\$19,574,266		-\$19,574,266
167 Construction in Progress			\$280,132							\$280,132		\$280,132
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,297,489	\$0	\$421,628	\$0	\$39,443	\$1,778	\$0	\$0	\$1,363,401	\$8,143,749	\$0	\$8,143,749
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current			\$313,094							\$313,094		\$313,094
174 Other Assets												
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$6,297,489	\$0	\$734,722	\$0	\$39,443	\$1,778	\$0	\$0	\$1,363,401	\$8,456,843	\$0	\$8,456,843
190 Total Assets	\$7,101,749	\$192,353	\$893,619	\$5,296	\$1,583,498	\$24,447	\$19,628	\$25,192	\$2,564,765	\$12,370,547	-\$889,242	\$11,481,305

Housing Authority of the City of Elkhart (NO26)  
ELKHART, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2009

	Project Total	14,182 NIC S/R Section 8 Programs	6 Component Units	8 Other Federal Program 1	14,871 Housing Choice Vouchers	14,169 Housing Counseling Assistance Program	97,109 Disaster Housing Assistance Grant	14,870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$133,937								\$5,877	\$139,814		\$139,814
313 Accounts Payable >= 90 Days Past Due												
321 Accrued Wages/Payroll Taxes Payable									\$43,675	\$43,675		\$43,675
322 Accrued Compensated Absences - Current Portion	\$781				\$6,292			\$246	\$32,215	\$39,534		\$39,534
324 Accrued Contingency Liability												
325 Accrued Interest Payable												
331 Accounts Payable - HUD PHA Programs					\$51,377					\$51,377		\$51,377
332 Account Payable - PHA Projects	\$40,930									\$40,930		\$40,930
333 Accounts Payable - Other Government	\$95,159		\$2,250							\$98,008		\$98,008
341 Tenant Security Deposits	\$52,820				\$209,169		\$9,548			\$271,527		\$271,527
342 Deferred Revenues												
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds												
344 Current Portion of Long-term Debt - Operating Borrowings		\$16,692								\$17,667		\$17,667
345 Other Current Liabilities	\$1,175											
346 Accrued Liabilities - Other												
347 Inter Program - Due To		\$9,313			\$931,514	\$21,644		\$25,192		\$969,242	-\$989,242	\$0
348 Loan Liability - Current					\$1,098,342	\$21,644	\$9,548	\$25,098	\$81,767	\$1,581,974	-\$889,242	\$692,732
310 Total Current Liabilities	\$315,401	\$26,005	\$3,829	\$0	\$1,098,342	\$21,644	\$9,548	\$25,098	\$81,767	\$1,581,974	-\$889,242	\$692,732
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	\$15				\$72,625					\$72,640		\$72,640
354 Accrued Compensated Absences - Non Current	\$6,279	\$60			\$12,162			\$554	\$60,915	\$79,960		\$79,960
355 Loan Liability - Non Current						\$313,094				\$313,094		\$313,094
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$6,294	\$60		\$0	\$84,787	\$0	\$0	\$554	\$60,915	\$485,894	\$0	\$485,894
300 Total Liabilities	\$321,695	\$26,065	\$316,923	\$0	\$1,183,129	\$21,644	\$9,548	\$25,992	\$142,682	\$2,047,868	-\$989,242	\$1,159,426
508.1 Invested In Capital Assets, Net of Related Debt	\$6,297,499		\$108,634		\$39,443	\$1,778			\$1,383,401	\$7,830,655		\$7,830,655
508.2 Fund Balance, Reserved												
511.2 Unreserved, Designated Fund Balance				\$5,296	\$354,444					\$359,740		\$359,740
511.1 Restricted Net Assets			\$428,162	\$0	-\$3,518	\$1,025	\$10,080	-\$900	\$1,038,692	\$2,122,484		\$2,122,484
512.1 Unrestricted Net Assets	\$482,555	\$166,298		\$0	\$400,369	\$2,903	\$10,080	-\$900	\$2,422,063	\$10,322,879	\$0	\$10,322,879
512.2 Unreserved, Undesignated Fund Balance	\$6,760,054	\$166,298	\$536,696	\$5,296	\$400,369	\$2,903	\$10,080	-\$900	\$2,422,063	\$10,322,879	\$0	\$10,322,879
513 Total Equity/Net Assets	\$7,101,749	\$192,353	\$953,619	\$5,296	\$1,593,488	\$24,447	\$19,628	\$25,192	\$2,584,765	\$12,370,547	-\$889,242	\$11,481,305
600 Total Liabilities and Equity/Net Assets	\$7,101,749	\$192,353	\$953,619	\$5,296	\$1,593,488	\$24,447	\$19,628	\$25,192	\$2,584,765	\$12,370,547	-\$889,242	\$11,481,305

Housing Authority of the City of Elkhart (IN026)  
ELKHART, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/31/2009

	Project Total	14.182 N/C/S/R Section 8 Programs	6 Component Units	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.169 Housing Counseling Assistance Program	97.109 Disaster Housing Assistance Grant	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$982,475		\$1,124						\$2,149	\$983,599		\$983,599
70400 Tenant Revenue - Other	\$124,425		\$165						\$2,149	\$126,739		\$126,739
70500 Total Tenant Revenue	\$1,106,900	\$0	\$1,289	\$0	\$0	\$0	\$0	\$0	\$2,149	\$1,110,338	\$0	\$1,110,338
70600 HUD PHA Operating Grants	\$1,981,439	\$798,161			\$3,313,246	\$27,780	\$1,465	\$25,192	\$69,300	\$6,216,563		\$6,216,563
70610 Capital Grants	\$612,404								\$123,360	\$735,764		\$735,764
70720 Asset Management Fee									\$531,581	\$531,581	-\$477,881	\$53,700
70730 Book Keeping Fee									\$39,301	\$39,301	-\$39,301	\$0
70740 Front Line Service Fee									\$56,311	\$56,311	-\$56,311	\$0
70750 Other Fees									\$134,991	\$134,991	-\$134,991	\$0
70700 Total Fee Revenue									\$762,164	\$762,164	-\$708,484	\$53,700
70800 Other Government Grants												
71100 Investment Income - Unrestricted					\$0				\$3,183	\$3,183		\$3,183
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery	\$1,801				\$37,487		\$177			\$39,288		\$39,288
71500 Other Revenue	\$2,700			\$6,000						\$8,700		\$8,700
71600 Gain or Loss on Sale of Capital Assets												
72000 Investment Income - Restricted		\$2,311	\$2,686		\$18,854				\$9,380	\$12,080		\$12,080
70000 Total Revenue	\$3,705,244	\$800,472	\$5,925	\$6,000	\$3,389,587	\$27,780	\$1,642	\$25,192	\$969,576	\$6,911,418	-\$708,484	\$6,202,934
91100 Administrative Salaries	\$214,188	\$11,524			\$209,602	\$16,463		\$21,528	\$408,375	\$882,880		\$882,880
91200 Auditing Fees		\$1,744			\$6,944				\$7,372	\$16,060		\$16,060
91300 Management Fee	\$387,216	\$9,326			\$60,000				\$436,542	\$436,542	-\$436,542	\$0
91310 Book-keeping Fee	\$56,311								\$56,311	\$56,311	-\$56,311	\$0
91400 Advertising and Marketing	\$1,051	\$122			\$487	\$196			\$2,553	\$4,409		\$4,409
91500 Employee Benefit Contributions - Administrative	\$77,972	\$5,206			\$94,366	\$2,062		\$4,087	\$145,446	\$329,139		\$329,139
91600 Office Expenses	\$196,250	\$3,158	\$299	\$704	\$12,754	\$3,154			\$77,060	\$253,399		\$253,399
91700 Legal Expense	\$3,380								\$1,673	\$5,053		\$5,053
91800 Travel	\$2,801	\$307			\$4,675	\$6,406			\$12,488	\$26,677		\$26,677
91810 Allocated Overhead												
91900 Other									\$68,849	\$68,849		\$68,849
91000 Total Operating - Administrative	\$978,979	\$31,567	\$289	\$704	\$389,028	\$28,281	\$0	\$25,615	\$724,836	\$2,079,329	-\$492,853	\$1,586,476
92000 Asset Management Fee	\$80,640									\$80,640	-\$80,640	\$0
92100 Tenant Services - Salaries												
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other	\$13,155	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,155	\$0	\$13,155
92500 Total Tenant Services	\$13,155	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,155	\$0	\$13,155

Housing Authority of the City of Elkhart (IN026)  
ELKHART, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/31/2009

	Project Total	14,182 NIC S/R Section 8 Programs	6 Component Units	8 Other Federal Program 1	14,871 Housing Choice Vouchers	14,169 Housing Counseling Assistance Program	97,109 Disaster Housing Assistance Grant	14,870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
93100 Water	\$67,031		\$158						\$2,474	\$69,663		\$69,663
93200 Electricity	\$122,667		\$168						\$13,259	\$136,084		\$136,084
93300 Gas	\$165,110		\$808						\$9,340	\$174,058		\$174,058
93400 Fuel												
93500 Labor	\$1,602								\$61	\$1,663		\$1,663
93600 Sewer												
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense												
93000 Total Utilities	\$356,410	\$0	\$934	\$0	\$0	\$0	\$0	\$0	\$24,134	\$381,478	\$0	\$381,478
94100 Ordinary Maintenance and Operations - Labor	\$343,401	\$968	\$883		\$3,833				\$61,532	\$410,607	-\$134,981	\$275,616
94200 Ordinary Maintenance and Operations - Materials and Other	\$93,887	\$218	\$875		\$970				\$24,498	\$110,348		\$110,348
94300 Ordinary Maintenance and Operations Contracts	\$408,928	\$1,078	\$126		\$41,99				\$22,285	\$468,596		\$468,596
94500 Employee Benefit Contributions - Ordinary Maintenance	\$103,860							\$377	\$31,514	\$135,771		\$135,771
94000 Total Maintenance	\$940,096	\$2,254	\$1,884	\$0	\$6,902	\$0	\$0	\$377	\$169,809	\$1,123,322	-\$134,981	\$988,331
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs	\$1,260								\$540	\$1,800		\$1,800
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services	\$1,260	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$540	\$1,800	\$0	\$1,800
95000 Total Protective Services	\$1,260	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$540	\$1,800	\$0	\$1,800
96110 Property Insurance	\$120,823		\$1,476						\$2,575	\$124,874		\$124,874
96120 Liability Insurance									\$37,952	\$37,952		\$37,952
96130 Workmen's Compensation	\$11,214	\$142			\$3,698				\$7,428	\$22,482		\$22,482
96140 All Other Insurance	\$9,854				\$1,649				\$22,383	\$33,886		\$33,886
96100 Total Insurance Premiums	\$141,891	\$142	\$1,476	\$0	\$5,347	\$0	\$0	\$0	\$70,338	\$219,194	\$0	\$219,194
96200 Other General Expenses												
96210 Compensated Absences	\$5,590	\$44			\$3,541				\$9,460	\$18,635		\$18,635
96300 Payments in Lieu of Taxes	\$40,930								\$40,930	\$40,930		\$40,930
96400 Bad debt - Tenant Rents	\$51,489									\$51,489		\$51,489
96500 Bad debt - Mortgages												
96500 Bad debt - Other												
96500 Severance Expense												
96000 Total Other General Expenses	\$98,009	\$44	\$0	\$0	\$3,541	\$0	\$0	\$0	\$9,460	\$111,054	\$0	\$111,054
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96800 Total Operating Expenses	\$2,510,440	\$34,027	\$4,593	\$704	\$406,818	\$28,281	\$0	\$25,992	\$999,117	\$4,009,972	-\$706,484	\$3,301,488
97000 Excess of Operating Revenue over Operating Expenses	\$1,194,804	\$766,445	\$1,332	\$5,296	\$2,962,769	-\$501	\$1,642	-\$800	-\$29,541	\$4,901,446	\$0	\$4,901,446

Housing Authority of the City of Elkhart (IN026)  
ELKHART, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2009

	Project Total	14,182 N.C.S.R Section 8 Programs	6 Component Units	8 Other Federal Program 1	14,871 Housing Choice Vouchers	14,169 Housing Counseling Assistance Program	97,109 Disaster Housing Assistance Grant	14,870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized	\$18,468									\$18,468		\$18,468
97300 Housing Assistance Payments	\$15	\$708,544			\$3,149,720		\$1,465			\$3,859,744		\$3,859,744
97350 HAP Portability-In												
97400 Depreciation Expense	\$690,251				\$5,488	\$1,133			\$130,588	\$817,440		\$817,440
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense				\$704	\$3,552,006	\$29,414	\$1,465	\$25,992	\$1,129,705	\$8,705,624	-\$708,484	\$7,997,140
90000 Total Expenses	\$3,209,174	\$742,571	\$4,593	\$704	\$3,552,006	\$29,414	\$1,465	\$25,992	\$1,129,705	\$8,705,624	-\$708,484	\$7,997,140
10010 Operating Transfer In	\$216,993									\$216,993		\$216,993
10020 Operating Transfer Out	-\$216,993									-\$216,993		-\$216,993
10030 Operating Transfers fromto Primary Government												
10040 Operating Transfers fromto 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$496,070	\$57,901	\$1,332	\$5,296	-\$192,419	-\$1,634	\$177	-\$800	-\$160,129	\$205,794	\$0	\$205,794
11020 Required Annual Debt Principal Payments												
11030 Beginning Equity	\$6,361,496	\$108,397	\$535,364	\$0	\$592,788	\$4,033	\$9,903	\$0	\$2,594,358	\$10,206,339		\$10,206,339
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$77,512	\$0	\$0	\$0	\$0	\$404	\$0	\$0	-\$12,146	-\$89,254		-\$89,254
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					\$30,251					\$30,251		\$30,251
11180 Housing Assistance Payments Equity					\$370,118					\$370,118		\$370,118
11190 Unit Months Available	8054	1908	0	0	7596	0	2	0	0	17570		17570
11210 Number of Unit Months Leased	7508	1908	0	0	7293	0	2	0	0	16711		16711
11270 Excess Cash	\$47,049									\$47,049		\$47,049
11610 Land Purchases	\$0								\$0	\$0		\$0
11620 Building Purchases	\$0								\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0								\$48,405	\$48,405		\$48,405
11640 Furniture & Equipment - Administrative Purchases	\$0								\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$612,404								\$74,975	\$687,379		\$687,379
11660 Infrastructure Purchases	\$0								\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0								\$0	\$0		\$0
13501 Replacement Housing Factor Funds	\$0								\$0	\$0		\$0