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May 28, 2014

Board of Directors  
Linton Housing Authority  
1148 N. 1300 West  
Linton, IN 47441

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2008 to December 31, 2008. 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 Linton Housing Authority, as of December 31, 2008 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

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

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

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**TWELVE MONTHS ENDED DECEMBER 31, 2008**

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

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**PAMELA J. SIMPSON, C.P.A.**  
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**Independent Auditor's Report**

Board of Directors  
Linton Housing Authority  
Linton, Indiana

I have audited the accompanying financial statements of Linton Housing Authority, as of and for the year ended December 31, 2008, 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 Linton Housing Authority, as of December 31, 2008 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 September 23, 2009, on my consideration of the Linton Housing Authority'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 7, 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 Linton Housing Authority, 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 Linton Housing Authority. 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 Linton Housing Authority. 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 material respects in relation to the financial statements taken as a whole.

Decatur, Illinois  
September 23, 2009



Certified Public Accountant

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

The management of the Housing Authority of Linton presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending December 31, 2008. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

**FINANCIAL HIGHLIGHTS**

- The Housing Authority's assets exceeded its liabilities by \$1,167,736 at the close of the fiscal year ended December 31, 2008.

Of this amount, \$193,841 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 63% of the total operating expenses for the fiscal year 2008, which means the Authority could operate about 7.5 months using the unrestricted assets alone.

The remainder of \$901,602 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.

- The Housing Authority's total net assets decreased by \$170,008, a 13% change from the prior fiscal year 2007. This decrease is attributable generally to an overall cost of doing business.
- The Authority spent \$8,170 on capital assets additions and renovation construction in progress during the current fiscal year.
- The Housing Authority continues to operate without the need for debt borrowing.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information. In addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

**REPORTING ON THE HOUSING AUTHORITY AS A WHOLE**

One of the most important questions asked about the Authority's finances is, "is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2008?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For reporting purposes all housing funds are reported in one housing enterprise fund.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant two funds, the Low Rent Housing Program and Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately following the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of the report.

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

**REPORTING THE HOUSING AUTHORITY'S MOST SIGNIFICANT FUNDS**

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach or Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$1,167,736 as of December 31, 2008. Of this amount, \$901,602 was invested in capital assets, \$193,841 was unrestricted and \$72,293 was currently restricted.

**CONDENSED FINANCIAL STATEMENTS**

**COMPARING FYE 12/31/2006 WITH FYE 12/31/2007**

	<u>2008</u>	<u>2007</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	317,125	345,298	(28,173)	-8%
Other Current Assets	9,016	6,232	2,784	45%
Capital Assets	901,602	1,009,658	(108,056)	-11%
<b>Total Assets</b>	<b>1,227,743</b>	<b>1,361,188</b>	<b>(133,445)</b>	<b>-10%</b>
Current Liabilities	60,007	23,444	36,563	156%
Noncurrent Liabilities	0	0	0	0%
<b>Total Liabilities</b>	<b>60,007</b>	<b>23,444</b>	<b>36,563</b>	<b>156%</b>
Net Invested in Capital Assets	901,602	1,009,658	(108,056)	-11%
Restricted Net Assets	72,293	87,857	(15,564)	-18%
Unrestricted Net Assets	193,841	240,229	(46,388)	-19%
<b>Total Net Assets</b>	<b>1,167,736</b>	<b>1,337,744</b>	<b>(170,008)</b>	<b>-13%</b>
Total Liabilities and Net Assets	<b>1,227,743</b>	<b>1,361,188</b>	<b>(133,445)</b>	<b>-10%</b>

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending December 31, 2008 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$195,993
Housing Choice Vouchers	\$646,481
Capital Funds Program	\$41,120

Total revenues for Fiscal Year Ending December 31, 2008 were \$883,594 as compared to the total revenues for Fiscal Year Ending December 31, 2007 of \$940,684. Comparatively, Fiscal Year Ending 2007 revenues exceeded Fiscal Year Ending 2008 revenues by \$57,090.

The most significant changes related to Capital Fund draws.

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>Percentage Change</u>
Total Tenant Revenue	91,516	88,793	2,723	3%
HUD Operating Grants	773,821	827,459	(53,638)	-7%
HUD Capital Grants	8,170	10,063	(1,893)	-19%
Investment Income	2,286	9,049	(6,763)	-75%
Other Revenue	7,801	5,320	2,481	47%
<b>Total Revenue</b>	<b><u>883,594</u></b>	<b><u>940,684</u></b>	<b><u>(57,090)</u></b>	<b><u>-6%</u></b>

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

**CONDENSED FINANCIAL STATEMENTS (Continued)**

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	197,348	194,869	2,479	1%
Tenant Services	0	100	(100)	-100%
Utilities	23,780	22,973	807	4%
Maintenance	64,121	122,893	(58,772)	-48%
Protective Services	1,302	0	1,302	100%
General Expense	20,420	19,994	426	2%
Extraordinary Maintenance	66,747	0	66,747	100%
Housing Assistance Payments	563,659	533,773	29,886	6%
Depreciation Expense	116,086	121,311	(5,225)	-4%
<b>Total Expenses</b>	<b><u>1,053,463</u></b>	<b><u>1,015,913</u></b>	<b><u>37,550</u></b>	<b><u>4%</u></b>

Compared with the prior fiscal year, total tenant revenues increased \$2,723 or by 3%.

Compared with the prior fiscal year, total expenses increased, by \$37,550 with the most significant cause(s) listed below:

- HAP payments increased by \$29,886.
- Maintenance costs decreased \$58,772 however, extraordinary maintenance increased by \$66,747.

These changes led to a decrease in total assets by \$133,445 and an increase in liabilities by \$36,563. With these changes, there is still almost \$5.44 of current assets covering each dollar of liability.

**HOUSING AUTHORITY OF LINTON  
REQUIRED SUPPLEMENTAL INFORMATION  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2008**

**ANALYSIS OF CAPITAL ASSET ACTIVITY**

	2008	2007	Variance	Percentage Change
Land	289,163	280,993	8,170	3%
Buildings	2,548,116	2,548,116	0	0%
Furniture, Equipment, & Machinery - Administrative	118,945	114,946	3,999	4%
<b>Total Fixed Assets</b>	<b>2,956,224</b>	<b>2,944,055</b>	<b>12,169</b>	<b>0%</b>
Accumulated Depreciation	2,054,622	1,934,397	120,225	6%
<b>Net Fixed Assets</b>	<b>901,602</b>	<b>1,009,658</b>	<b>-108,056</b>	<b>-11%</b>

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

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for December 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

**CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability or the money it receives. If you have questions about this report, or wish to request additional financial information, contact J Ken Wright, Executive Director, Linton Housing Authority, Rt. #2, Box 655, Linton, IN 47441.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2008**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 244,832
Accounts receivable (interfund eliminated)	3,739
Inventory	1,868
Deferred charges	<u>3,409</u>

Total Current Assets \$ 253,848

**RESTRICTED ASSETS**

Cash	<u>\$ 72,293</u>
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Total Restricted Assets \$ 72,293

**CAPITAL ASSETS**

Land, buildings and equipment	\$ 2,956,224
Less: Accumulated depreciation	<u>-2,054,622</u>

Net Capital Assets \$ 901,602

Total Assets \$ 1,227,743

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable (interfund eliminated)	\$ 18,199
Accrued liabilities	1,244
Deferred revenue	<u>40,564</u>

Total Current Liabilities \$ 60,007

**NET ASSETS**

Invested in capital assets	\$ 901,602
Restricted	72,293
Unrestricted	<u>193,841</u>

Total Net Assets \$ 1,167,736

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Operating Income

Tenant rental revenue	\$ 91,516
Total Rental Revenue	\$ 91,516
HUD grants - operating	773,821
Fraud recovery	1,285
Other revenue	<u>6,516</u>
Total Operating Income	<u>\$ 873,138</u>

Operating Expenses

Administration	\$ 197,348
Utilities	23,780
Ordinary maintenance and operation	64,121
Protective services	1,302
General expense	20,420
Extraordinary maintenance	66,747
Housing assistance payments	563,659
Depreciation	<u>116,086</u>
Total Operating Expenses	<u>\$ 1,053,463</u>
Net Operating Income (Loss)	\$ -180,325

Nonoperating Income

Interest income	2,286
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Capital Contributions

Capital fund grants	<u>8,170</u>
Changes in net assets	\$ -169,869
Net assets, beginning of year	1,337,744
Prior period adjustments	<u>-139</u>
Net assets, end of year	<u><u>\$ 1,167,736</u></u>

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

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Operating Activities

Operating grants	\$ 771,855
Tenant revenue	90,049
Other revenue	7,801
Housing assistance payments	-563,659
Payments to employees	-143,884
Payments to suppliers and contractors	<u>-192,621</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -30,459</u>

Investing Activities

Interest income	<u>\$ 2,286</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 2,286</u>

Capital and Related Financing Activities

Capital fund grants	\$ 8,170
(Additions) deletions to fixed assets	<u>-8,170</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 0</u>

Net Change in Cash	\$ -28,173
Cash Balance at December 31, 2007	<u>345,298</u>
Cash Balance at December 31, 2008	<u><u>\$ 317,125</u></u>

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

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

Net operating income (loss)	\$ -180,325
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	116,086
(Increase) decrease in accounts receivable	-3,433
(Increase) decrease in deferred charges	-21
(Increase) decrease in inventories	670
Increase (decrease) in accounts payable	-4,447
Increase (decrease) in accrued liabilities	711
Increase (decrease) in deferred revenues	<u>40,300</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ -30,459</u></u>

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Linton and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. 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 Linton Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

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

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

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although no formal policy has been adopted, 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
- \* Section 8 Choice Vouchers
- \* Capital Fund Program

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

*Proprietary Fund Types:*

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents. There is no policy adopted, however, this is the practice followed.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2008, 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.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

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

(h) Investments -

Investments are stated at cost which approximates market.

(i) Fixed Assets -

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

If the initial cost of a piece of equipment and/or other personal property is one thousand (\$1,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

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

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

Buildings	25	years
Equipment	3	years
Transportation equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	10	years

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Income Tax -

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

(k) Annual Contributions/Subsidies and Other Grants

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

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

(l) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted for approval.

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

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.

*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.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 225,731	\$ 228,832
Voucher	<u>91,394</u>	<u>92,404</u>
Total	<u>\$ 317,125</u>	<u>\$ 321,236</u>

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 3 - Compensated Absences

Vacation Leave

1. Vacation leave with pay shall be earned by all regular full time employees at the following rates:

Upon completion of one (1) year continuous service employees will earn one (1) weeks pay.

Upon completion of two (2) years continuous service employees will earn two (2) weeks pay.

Upon completion of ten (10) years continuous service employees will earn three (3) weeks pay. Continuous service defined as an employee who has worked for the same office or has worked for various county offices for ten continuous years or more.

2. Employees shall not be granted pay in lieu of vacation.
3. All vacation must be taken during the calendar year of eligibility.
4. Employees who terminate without proper notification shall forfeit all right to vacation pay.

Sick Leave

1. Employees may be paid for leave taken because of illness or accident. An employee must work six (6) consecutive months before the employee becomes eligible for paid sick leave. All eligible employees shall be entitled to six (6) full days with pay for sick leave in any twelve (12) month period, which twelve month period shall be measured from anniversary date of such employee's employment. Any employee may accumulate his or her unused sick leave toward increasing the period of sick leave to which her or she is entitled in any given twelve months period, up to a maximum of twelve (12) days of sick leave in any given twelve (12) month period.
2. Sick leave may be accumulated not to exceed twelve (12) days.
3. In no event shall an employee be paid for sick leave not taken.

Note 4 - Defined Contribution Plan

The PHA participates in a defined contribution plan. The Housing Authority and the participants are required to contribute a percentage of annual covered payroll. The plan requires the Housing Authority and the employee to contribute 9.25% and 3% of covered wages, respectively. For the fiscal year ended December 31, 2008, required contributions by the Housing Authority were \$13,837.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 2,458
Allowance for doubtful accounts	-685
Accounts receivable - HUD	<u>1,966</u>
Subtotal	\$ 3,739
Interfund	<u>30,302</u>
Total	<u>\$ 34,041</u>

Note 6 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 3,409</u>
-------------------	-----------------

Note 7 - Fixed Assets

Balance as of December 31, 2008	\$ 901,602
Balance as of December 31, 2007	<u>1,009,658</u>
Net Increase (Decrease)	<u>\$ -108,056</u>

Reconciliation

Property betterments/additions	\$ 8,170
Adjustment to fixed asset basis	-140
Current year depreciation expense	<u>-116,086</u> *
Net Increase (Decrease)	<u>\$ -108,056</u>

\*Current year depreciation expense recognized.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 7 - Fixed Assets (Continued)

<u>Analysis</u>	01/01/2008 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	12/31/2008 <u>Balance</u>
Land	\$ 280,993	\$ 8,170	\$ 0	\$ 289,163
Buildings	2,548,116	0	0	2,548,116
Equipment and furniture	<u>114,946</u>	<u>3,999</u>	<u>0</u>	<u>118,945</u>
Total	\$ 2,944,055	\$ 12,169	\$ 0	\$ 2,956,224
Accumulated depreciation	<u>-1,934,397</u>	<u>-120,225</u>	<u>0</u>	<u>-2,054,622</u>
Net Assets	<u>\$ 1,009,658</u>	<u>\$ 108,056</u>	<u>\$ 0</u>	<u>\$ 901,602</u>

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 4,318
Tenants security deposits	7,575
Payroll taxes payable	<u>6,306</u>
Subtotal	\$ 18,199
Interfund	<u>30,302</u>
Total	<u>\$ 48,501</u>

Note 9 - 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.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 10 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued wages	\$ <u>1,244</u>
---------------	-----------------

Note 11 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ 2,824
Capital fund contributions	<u>37,740</u>
Total	\$ <u>40,564</u>

Note 12 - 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 13 - 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 14 - Contingencies

Federal Grants

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

Note 15 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Adjustment to depreciable fixed asset basis	\$ <u>139</u>
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**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2008  
(CONTINUED)**

Note 16 - 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 disaster and defalcation.

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

Note 17 - Economic Dependency

The Housing Authority received most of its revenue (89%) from the Units States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-2080	FYE 12/31/08	\$ 95,818	\$ 95,818	\$ 95,818
Housing Choice Vouchers*	14.871	C2021V	FYE 12/31/08	\$ 645,053	\$ 645,053	\$ 645,053
Public Housing - Capital Fund	14.872	C-2080	FYE 12/31/08	\$ 153,576	\$ 41,120	\$ 41,120
Total Housing Assistance				<u>\$ 894,447</u>	<u>\$ 781,991</u>	<u>\$ 781,991</u>

\*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)  
TWELVE MONTHS ENDED DECEMBER 31, 2008**

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.

**PAMELA J. SIMPSON, C.P.A.**  
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**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  
Linton Housing Authority  
Linton, Indiana

I have audited the financial statements of Linton Housing Authority as of and for the year ended December 31, 2008, which collectively comprise the Linton Housing Authority's basic financial statements and have issued my report thereon dated September 23, 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 Linton Housing Authority'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 Linton Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Linton Housing Authority'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 Linton Housing Authority'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 Linton Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Linton Housing Authority'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 Linton Housing Authority'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 Linton Housing Authority'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 Linton Housing Authority, in a separate letter dated September 23, 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.



Certified Public Accountant

Decatur, Illinois  
September 23, 2009

**PAMELA J. SIMPSON, C.P.A.**  
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**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  
Linton Housing Authority  
Linton, Indiana

**Compliance**

I have audited the compliance of Linton Housing Authority 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 December 31, 2008. Linton Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Linton Housing Authority's management. My responsibility is to express an opinion on Linton Housing Authority'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 Linton Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Linton Housing Authority's compliance with those requirements.

In my opinion, Linton Housing Authority 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 December 31, 2008. However, the results of my auditing procedures disclosed no instances of noncompliance with those requirements.

**Internal Control Over Compliance**

The management of Linton Housing Authority 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 Linton Housing Authority'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 Linton Housing Authority'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 Linton Housing Authority in a separate letter dated September 23, 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  
September 23, 2009



Certified Public Accountant

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended December 31, 2007 contained no findings.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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\_\_\_\_\_ none reported

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

*Federal Awards*

Internal control over major programs:

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

\* Significant deficiency (ies) identified 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)

Housing Choice Voucher Program

14.871

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Audit Findings**

There were no financial statement audit findings were discussed with J. Ken Wright, Executive Director, during the course of the audit or at an exit conference held September 23, 2009.

**Section III - Federal Award Audit Findings**

There were no federal award audit findings were discussed with J. Ken Wright, Executive Director, during the course of the audit or at an exit conference held September 23, 2009.

**LINTON HOUSING AUTHORITY  
LINTON, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES  
DECEMBER 31, 2008**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accounts receivable - HUD	1125	\$ 1,966.00		1125
Admin subsidy	2210		\$ 1,966.00	2210
(To record FY08 final settlement of admin fees per 08/07/09 calculation)				
 <u>Low Rent</u>				
(1)				
Vendor payable	2111	\$ 6,368.42		2111
Sundry	4190		\$ 458.52	4190
Accounting	4170		5,320.00	4170
Maintenance supplies	4420		419.90	4420
Contract costs	4430		170.00	4430
(To reverse JV08-028 and to reverse payables set up 12/31/07)				
(2)				
Prepaid insurance	1211	\$ 1,661.00		1211
Insurance expense	4510	59.00		4510
Employee benefit contribution	4540		\$ 1,720.00	4540
(To reverse JV08-37 and adjust accounts to actual)				
(3)				
Employee benefits	4540	\$ 6,306.41		4540
Federal withholding	2117.1		\$ 1,157.83	2117.1
FICA	2117.2		844.63	2117.2
Other payroll withholding	----		4,303.95	----
(To set up 4 <sup>th</sup> quarter perf and 941 payment not paid until 2009)				
(4)				
PILOT	2137	\$ 6,774.00		2137
PILOT expense	4520		\$ 6,774.00	2810
(To write off the PILOT liability - Housing Authority has a letter signed with the City to waive the 2008 PILOT)				
(5)				
Development cost	1400.2	\$ 3,998.76		1400.2
Development cost - contra	1400.3		\$ 3,931.00	1400.3
Depreciation expense	4470		208.00	4470
Unreserved surplus	2810	140.24		2810
(To adjust accounts to actual)				

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

**433 WEST PERSHING ROAD**

**DECATUR, ILLINOIS 62526**

**(217) 872-1908**

Board of Commissioners  
Linton Housing Authority  
Linton, Indiana

In planning and performing my audit of the financial statements of Linton Housing Authority as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Linton Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Linton Housing Authority's internal control.

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

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

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

1. While reviewing the Housing Authority's system of internal controls, it came to my attention that not all internal control procedures being followed have been included in the written policy/procedural manual.

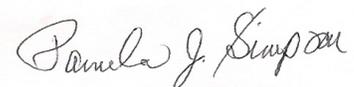
In addition to the current policies/procedures, I suggest that the written manual be expanded to include: (a) approval of journal entries (hard copies initialed or signed) (b) documentation of approval of payroll (payroll registers should be initialed or signed) (c) credit card use (full explanation of the purpose of travel, meals and meetings attached to supporting invoices) (d) personal use of agency assets (such as automobile, cell phone, etc) (e) reconciliation of rent rolls and HAP registers with written documentation of approval and (f) method of maintenance materials physical inventory reconciliation and valuation methods. The written policies should also cover the extent that outside consultants are used to provide internal controls.

A more detailed written manual will aid in the training of new staff, assure management of consistency in policy application as well as accurate financial reporting.

2. It was noted that the detailed depreciation schedule does not reconcile to the capital asset accounts in the general ledger. A complete physical inventory should be take of all assets and the physical counts reconciled to both the depreciation schedule and the control account.
3. In 2008 HUD required that a new chart of account be used by all Public Housing Authorities. The new set of accounts provides more detail for many expense categories such as insurance and maintenance contracts. The Linton Housing Authority should review the new accounts and utilize them properly in their monthly financial statement reporting as well as in the year end reporting to HUD.
4. Management needs to review the procedures for documenting the calculation of anticipated income used in the calculation of housing assistance payments. In a review of twenty-four Section 8 participant file , several immaterial discrepancies/inconsistencies were noted in the calculation of anticipated income. In some of these instances, the discrepancy related to inconsistent methods of anticipating income in different files. In other files, exceptions or unusual circumstances were not fully documented and needed verbal explanation in order to recalculate the numbers reported on the 50058.

Management should review the proper methods of anticipating and documenting income with all housing intake staff. Additionally it is suggested that management increase the number of quality assurance reviews that are completed on all files.

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



Certified Public Accountant

Decatur, Illinois  
September 23, 2009