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May 29, 2014

Board of Directors  
Logansport Housing Authority  
719 Spencer Street, Suite 100  
Logansport, IN 46947

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 Logansport 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

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

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**TWELVE MONTHS ENDED DECEMBER 31, 2008**

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

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DECATUR, ILLINOIS 62526  
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## **Independent Auditor's Report**

Board of Commissioners  
Logansport Housing Authority  
Logansport, Indiana

I have audited the accompanying financial statements of Logansport 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 Logansport 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 August 25, 2009, on my consideration of the Logansport 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 Logansport 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 Logansport 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 Logansport 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 materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois  
August 25, 2009



Certified Public Accountant

**LOGANSPORT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2008**

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**Management's Discussion and Analysis**

As management of Logansport Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Logansport Housing Authority, 719 Spencer Street, Suite 100, Logansport, Indiana 46947, (574) 753-4666.

**Overview of the Financial Statements**

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

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

**Future Events (New Business)**

There are no future events planned by the Authority during the fiscal year ending December 31, 2009 that will significantly affect the Authority's Net Assets either positively or negatively.

**LOGANSPOUR HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2008**

**Condensed Comparative Financial Statements**

*Analysis of Entity Wide Net Assets*

**Total Assets** for FYE 2008 was \$370,904 and at FYE 2007 the amount was \$357,445. This represents a net increase of \$13,459.

**Cash** increased by \$29,163. Cash increased overall because of the increase of HUD subsidy.

**Other Current Assets** decreased by \$18,464. The cause of this comes from the closing of investments.

**Capital Assets** increased by \$2,760. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** increased by \$124 or 9%. The cause of this was an increase in the withholding taxes this year.

**Noncurrent Liabilities** increased by \$31,793. The reason for the increase was the gain in the FSS program.

The table below illustrates our analysis:

	<u>2008</u>	<u>2007</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	345,284	316,121	29,163	9%
Other Current Assets	13,600	32,064	(18,464)	-58%
Capital Assets	12,020	9,260	2,760	30%
<b>Total Assets</b>	<b><u>370,904</u></b>	<b><u>357,445</u></b>	<b><u>13,459</u></b>	<b><u>4%</u></b>
Current Liabilities	1,456	1,332	124	9%
Noncurrent Liabilities	57,497	25,704	31,793	124%
<b>Total Liabilities</b>	<b><u>58,953</u></b>	<b><u>27,036</u></b>	<b><u>31,917</u></b>	<b><u>118%</u></b>
Net Invested in Capital Assets	12,020	9,260	2,760	30%
Restricted Net Assets	161,439	168,952	(7,513)	-4%
Unrestricted Net Assets	138,492	152,197	(13,705)	-9%
<b>Total Net Assets</b>	<b><u><u>311,951</u></u></b>	<b><u><u>330,409</u></u></b>	<b><u><u>(18,458)</u></u></b>	<b><u><u>-6%</u></u></b>

**LOGANSPORT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2008**

*Analysis of Entity Wide Revenues*

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

<u>Program</u>	<u>Revenues Generated</u>
Housing Choice Vouchers	\$1,081,270

Total revenues for Fiscal Year Ending December 31, 2008 were \$1,081,270 as compared to the total revenues for Fiscal Year Ending December 31, 2007 of \$1,054,632. Comparatively, Fiscal Year Ending 2008 revenues exceeded Fiscal Year Ending 2007 revenues by \$26,638.

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>Percentage Change</u>
HUD Operating Grants	1,074,321	1,041,260	33,061	3%
Investment Income	145	4,446	(4,301)	-97%
Fraud Recovery	0	2,130	(2,130)	-100%
Other Revenue	6,804	6,796	8	0%
<b>Total Revenue</b>	<b><u>1,081,270</u></b>	<b><u>1,054,632</u></b>	<b><u>26,638</u></b>	<b><u>3%</u></b>

**LOGANSPOUT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2008**

*Analysis of Entity Wide Expenditures*

**Total Expenditures** for Fiscal Year Ending December 31, 2008 were \$1,099,728 as compared to \$1,024,708 of total expenditures for Fiscal Year Ending December 31, 2007. Comparatively, Fiscal Year Ending 2008 expenditures exceeded Fiscal Year Ending 2007 expenditures by \$75,020. Changes by major expense category will be presented below.

**Administrative** expenditures increased by \$32,446. The cause for this increase is mostly in salaries.

**Tenant Services** expenditures decreased by \$28,833.

**General Expense** decreased by \$1,748. This was due to a decrease in bad debt.

**Housing Assistance Payments** increased by \$72,018 or 8%.

The table below illustrates our analysis:

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	162,334	129,888	32,446	25%
Tenant Services	0	28,833	(28,833)	-100%
Maintenance	579	0	579	100%
General Expense	3,154	4,902	(1,748)	-36%
Housing Assistance Payments	931,010	858,992	72,018	8%
Depreciation Expense	2,651	2,093	558	27%
<b>Total Expenses</b>	<b><u>1,099,728</u></b>	<b><u>1,024,708</u></b>	<b><u>75,020</u></b>	<b><u>7%</u></b>

**LOGANSPOUR HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2008**

**Analysis of Capital Asset Activity**

**Furniture, Equipment & Machinery – Administration** increased by a net amount \$4,472 or 22%. The most significant asset purchased was a data base server.

**Accumulated Depreciation** increased by \$1,712. This is the amount of current year depreciation expense combined with disposals.

	2008	2007	Variance	Percentage Change
Furniture, Equipment, & Machinery - Administrative	24,691	20,219	4,472	22%
<b>Total Fixed Assets</b>	<b>24,691</b>	<b>20,219</b>	<b>4,472</b>	<b>22%</b>
Accumulated Depreciation	12,671	10,959	1,712	16%
<b>Net Fixed Assets</b>	<b>12,020</b>	<b>9,260</b>	<b>2,760</b>	<b>30%</b>

**Outstanding Debt**

The Housing Authority had no outstanding debt in fiscal year 2008 or 2007.

**LOGANSPOUR HOUSING AUTHORITY  
LOGANSPOUR, INDIANA**

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

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 126,348
Accounts receivable (interfund eliminated)	8,123
Deferred charges	<u>5,477</u>
Total Current Assets	<u>\$ 139,948</u>

**RESTRICTED ASSETS**

Cash	<u>\$ 218,936</u>
Total Restricted Assets	<u>\$ 218,936</u>

**CAPITAL ASSETS**

Land, buildings and equipment	\$ 24,691
Less: Accumulated depreciation	<u>-12,671</u>
Total Capital Assets	<u>\$ 12,020</u>

Total Assets	<u>\$ 370,904</u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable (interfund eliminated)	<u>\$ 1,456</u>
Total Current Liabilities	<u>\$ 1,456</u>

**NONCURRENT LIABILITIES**

Trust and deposit liabilities	<u>\$ 57,497</u>
Total Noncurrent Liabilities	<u>\$ 57,497</u>

**NET ASSETS**

Invested in capital assets	\$ 12,020
Restricted	161,439
Unrestricted	<u>138,492</u>
Total Net Assets	<u><u>\$ 311,951</u></u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Operating Income

HUD grants - operating	\$ 1,074,321
Other income	<u>6,804</u>
Total Operating Income	<u>\$ 1,081,125</u>

Operating Expenses

Administration	\$ 162,334
Ordinary maintenance and operation	579
General expense	3,154
Housing assistance payments	931,010
Depreciation	<u>2,651</u>
Total Operating Expenses	<u>\$ 1,099,728</u>
Net Operating Income (Loss)	<u>\$ -18,603</u>

Nonoperating Income (Expense)

Interest income	<u>\$ 145</u>
Total Nonoperating Income (Expense)	<u>\$ 145</u>
Changes in net assets	\$ -18,458
Net assets, beginning of year	<u>330,409</u>
Net assets, end of year	<u><u>\$ 311,951</u></u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Operating Activities

Operating grants	\$ 1,066,388
Other revenue	6,804
Housing assistance payments	-931,010
Payments to employees	-113,022
Payments to suppliers and contractors	<u>-20,435</u>

Net Cash Provided (Used) by Operating Activities \$ 8,725

Investing Activities

Investments (purchased) redeemed	\$ 25,704
Interest income	<u>145</u>

Net Cash Provided (Used) by Investing Activities \$ 25,849

Capital and Related Financing Activities

Additions (deletions) to fixed assets	<u>\$ -5,411</u>
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Net Cash Provided (Used) by  
Capital and Related Financing Activities \$ -5,411

Net Change in Cash \$ 29,163

Cash Balance at December 31, 2007 316,121

Cash Balance at December 31, 2008 \$ 345,284

**LOGANSPOUT HOUSING AUTHORITY  
LOGANSPOUT, 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)	\$ -18,603
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	2,651
(Increase) decrease in accounts receivable	-7,269
(Increase) decrease in deferred charges	29
Increase (decrease) in accounts payable	124
Increase (decrease) in other liabilities	<u>31,793</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,725</u>

**LOGANSFORT HOUSING AUTHORITY  
LOGANSFORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Logansport Housing Authority was established by the City of Logansport 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 Logansport and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the mayor, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. 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 Logansport 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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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:

- \* Housing Choice Vouchers

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, although not a formal policy, 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.

(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.

(g) Inventories and Materials -

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

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(h) Fixed Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of 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 two hundred fifty dollars (\$250) 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.

(i) Income Tax -

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

(j) 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.

(k) 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.

(l) 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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

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.

*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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Voucher	<u>\$ 345,284</u>	<u>\$ 346,387</u>

Note 3 - Compensated Absences

Vacation Leave

All regular full-time employees shall receive a vacation according to the following schedule:

1 year	1 week
2-5 years	2 weeks
6 years	2 weeks and 1 day
7 years	2 weeks and 2 days
8 years	2 weeks and 3 days
9 years	2 weeks and 4 days
10 years	3 weeks

Sick Leave

All regular full-time employees shall be allowed ten (10) working days each year to be accumulated at the rate of 3.08 hours every two weeks. Total accumulation of time for sick leave cannot exceed 240 hours.

No cash payments to employees shall be made in lieu of unused vacation or sick leave, except when an employee is permanently separated from employment cash payment of unused vacation leave, but not unused sick leave, may be made.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 4 - Defined Contribution Plan

The PHA participates in a deferred compensation plan. The participants are required to contribute 7.65% of annual covered payroll. For the fiscal year ended December 31, 2008, actual contributions by plan participants were \$3,901. In FYE 2009 the Housing Authority eliminated the plan for employees. Each employee was allowed to purchase health insurance at their discretion through AFLAC.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - HUD	\$ 7,933
Fraud recovery	45,516
Allowance for doubtful accounts - fraud	<u>-45,326</u>
Total	<u>\$ 8,123</u>

Note 6 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ 2,091
Other	<u>3,386</u>
Total	<u>\$ 5,477</u>

Note 7 - Fixed Assets

Balance as of December 31, 2008	\$ 12,020
Balance as of December 31, 2007	<u>9,260</u>
Net Increase (Decrease)	<u>\$ 2,760</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 5,411
Current year depreciation expense	<u>-2,651</u>
Net Increase (Decrease)	<u>\$ 2,760</u> *

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, 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>
Equipment and furniture	\$ 20,219	\$ 5,411	\$ 939	\$ 24,691
Total	\$ 20,219	\$ 5,411	\$ 939	\$ 24,691
Accumulated depreciation	<u>-10,959</u>	<u>939</u>	<u>2,651</u> *	<u>-12,671</u>
Net Assets	<u>\$ 9,260</u>	<u>\$ 6,350</u>	<u>\$ 3,590</u>	<u>\$ 12,020</u>

\*Current year depreciation expense recognized.

Note 8 - Accounts Payable

This classification includes the following accounts:

Payroll taxes payable	<u>\$ 1,456</u>
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Note 9 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	<u>\$ 57,497</u>
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Note 10 - 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 11 - 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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 12 - 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 13 - Economic Dependency

The Housing Authority received most of its revenue (99%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**LOGANSFORT HOUSING AUTHORITY  
LOGANSFORT, 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:						
Housing Choice Voucher Program*	14.871	IN092	FYE 12/31/08	<u>\$ 1,074,321</u>	<u>\$ 1,074,321</u>	<u>\$ 1,074,321</u>
Total Housing Assistance				<u>\$ 1,074,321</u>	<u>\$ 1,074,321</u>	<u>\$ 1,074,321</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  
Logansport Housing Authority  
Logansport, Indiana

I have audited the financial statements of Logansport Housing Authority as of and for the year ended December 31, 2008, which collectively comprise the Logansport Housing Authority's basic financial statements and have issued my report thereon dated August 25, 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 Logansport 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 Logansport Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Logansport 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 Logansport 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 Logansport Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Logansport 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 Logansport 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 Logansport 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 Logansport Housing Authority, in a separate letter dated August 25, 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  
August 25, 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  
Logansport Housing Authority  
Logansport, Indiana

### **Compliance**

I have audited the compliance of Logansport 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. Logansport 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 Logansport Housing Authority's management. My responsibility is to express an opinion on Logansport 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 Logansport 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 Logansport Housing Authority's compliance with those requirements.

In my opinion, Logansport 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 Logansport 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 Logansport 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 Logansport 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 Logansport Housing Authority in a separate letter dated August 25, 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  
August 25, 2009



Certified Public Accountant

**LOGANSPOUR HOUSING AUTHORITY  
LOGANSPOUR, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

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

**LOGANSPOORT HOUSING AUTHORITY  
LOGANSPOORT, INDIANA**

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

**Section I - Summary of Auditor Results**

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

*Financial Statements*

Type of auditor's report: Unqualified

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

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

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

*Federal Awards*

Internal control over major programs:

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

\* Significant deficiency (ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ yes  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  no

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

Housing Choice Voucher Program 14.871

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Audit Findings**

There were no financial statement audit findings discussed with Sharon Roach, Executive Director, during the course of the audit or at an exit conference held August 25, 2009.

**Section III - Federal Award Audit Findings**

There were no federal award audit findings discussed with Sharon Roach, Executive Director, during the course of the audit or at an exit conference held August 25, 2009.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, 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	\$ 7,933.00		1125
Admin fee - rev	3410		\$ 7,933.00	2810.002
(To set up receivable per admin fees calculation - year 2008)				

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

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Board of Commissioners  
Logansport Housing Authority  
Logansport, Indiana

In planning and performing my audit of the financial statements of Logansport Housing Authority as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities 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 Logansport Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Logansport Housing Authority's internal control.

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

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

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

1. The Housing Authority's system of internal controls should be formally documented in a written internal control manual (handbook). Discussions with Housing Authority management indicate that the Housing Authority has a system of internal control in place, but without the policies being in writing and formally adopted, adherence to the procedures cannot always be verified.

In addition to the current informal policies being used, other policies you may want to consider would address: (a) approval of journal entries, HAP registers and accounts payable registers (hard copies should be initialed) (b) documentation of approval of payroll (time records and payroll registers should be initialed) (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) and (e) travel reimbursements (covering reimbursement rates, method of requesting travel advances or reimbursements). The written policies should also cover the extent of use of outside consultants (fee accountants) are used to provide internal controls.

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

2. Current written policies/procedures should be reviewed to determine that they are not in conflict with the policy actually being followed. A current policy currently in place indicates that purchases greater than \$250 requires the use of a purchase order. In several instances it was noted that this policy was not being followed. Current policies and procedures should be updated.
3. While reviewing fraud recovery receivables and the offsetting allowance for doubtful accounts, I observed that many of the accounts detailed in the subsidiary ledger are several years old and no activity has been recorded in quite some time. The Housing Authority should review these and write off those accounts that are not likely to be collected.
4. Management needs to review their procedures used in anticipating income for the calculation of housing assistance payments and the related quality control reviews of those files. In a review of twenty four Section 8 participant files several immaterial discrepancies 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 immaterial math errors were noted.
5. Management should review the proper methods of anticipating income with all housing intake staff. Additionally it is suggested that management increase the number of quality assurance reviews that are completed on all. SEMAP requires a minimum of ten files be reviewed, however, I suggest that a larger sample be tested.
6. FSS files did not contain a hard copy of the most recent 52652. A copy of each calculation should be retained in the participants file.

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  
August 25, 2009