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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, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Logansport Housing Authority, as of December 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**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, 2009**

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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Independent Auditor's Report

Board of Commissioners  
Logansport Housing Authority  
Logansport, Indiana

I have audited the accompanying financial statements of the Logansport Housing Authority, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Logansport Housing Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

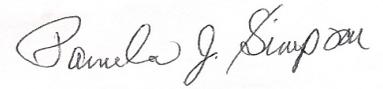
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Logansport Housing Authority, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 10, 2010 on my consideration of the Logansport Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements with other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 on pages 3 through 6 are not a required part of the basic financial statements but are 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 required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of. 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 also not a required part of the basic 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. The schedule of federal expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all materials respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Decatur, Illinois  
August 10, 2010

**LOGANSPOUR HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2009**

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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, 2009. 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, 2010 that will significantly affect the Authority's Net Assets either positively or negatively.

**LOGANSPORT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2009**

**Condensed Comparative Financial Statements**

*Analysis of Entity Wide Net Assets*

**Total Assets** for FYE 2008 was \$370,904 and at FYE 2009 the amount was \$532,966. This represents a net increase of \$162,062.

**Cash** increased by \$168,810. Cash increased overall because of the increase in HUD subsidy and early receipt of 2010 subsidy.

**Other Current Assets** decreased by \$5,092. The cause of this comes from their being no receivables from HUD.

**Capital Assets** decreased by \$1,656. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** increased by \$104,918. The cause of this was an increase in deferred revenues from HUD.

**Noncurrent Liabilities** decreased by \$6,760. The reason for the decrease was the payouts in the FSS program.

The table below illustrates our analysis:

	<u>2009</u>	<u>2008</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	514,094	345,284	168,810	49%
Other Current Assets	8,508	13,600	(5,092)	-37%
Capital Assets	10,364	12,020	(1,656)	-14%
<b>Total Assets</b>	<b>532,966</b>	<b>370,904</b>	<b>162,062</b>	<b>44%</b>
Current Liabilities	106,374	1,456	104,918	7206%
Noncurrent Liabilities	50,737	57,497	(6,760)	-12%
<b>Total Liabilities</b>	<b>157,111</b>	<b>58,953</b>	<b>98,158</b>	<b>167%</b>
Net Invested in Capital Assets	10,364	12,020	(1,656)	-14%
Restricted Net Assets	223,661	161,439	62,222	39%
Unrestricted Net Assets	141,830	138,492	3,338	2%
<b>Total Net Assets</b>	<b>375,855</b>	<b>311,951</b>	<b>63,904</b>	<b>21%</b>

**LOGANSPORT HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2009**

*Analysis of Entity Wide Revenues*

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2009 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Housing Choice Vouchers	\$1,252,920

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, 2009 of \$1,252,920. Comparatively, Fiscal Year Ending 2009 revenues exceeded Fiscal Year Ending 2008 revenues by \$171,650.

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>Percentage Change</u>
HUD Operating Grants	1,234,093	1,074,321	159,772	15%
Investment Income	10	145	(135)	-93%
Other Revenue	18,817	6,804	12,013	177%
<b>Total Revenue</b>	<b><u>1,252,920</u></b>	<b><u>1,081,270</u></b>	<b><u>171,650</u></b>	<b><u>16%</u></b>

*Analysis of Entity Wide Expenditures*

**Total Expenditures** for Fiscal Year Ending December 31, 2008 were \$1,099,728 as compared to \$1,189,016 of total expenditures for Fiscal Year Ending December 31, 2009. Comparatively, Fiscal Year Ending 2009 expenditures exceeded Fiscal Year Ending 2008 expenditures by \$89,288. Changes by major expense category will be presented below.

**Administrative** expenditures decreased by \$471. **Maintenance** expenditures decreased by \$244. **General Expense** decreased by \$2,233. **Housing Assistance Payments** increased by \$91,940 or 10%.

The table below illustrates our analysis:

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>Percentage Change</u>
Administration & Tenant Services	162,805	162,334	471	0%
Maintenance	335	579	(244)	-42%
General Expense	921	3,154	(2,233)	-71%
Housing Assistance Payments	1,022,950	931,010	91,940	10%
Depreciation Expense	2,005	2,651	(646)	-24%
<b>Total Expenses</b>	<b><u>1,189,016</u></b>	<b><u>1,099,728</u></b>	<b><u>89,288</u></b>	<b><u>8%</u></b>

**LOGANSPOUR HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING DECEMBER 31, 2009**

**Analysis of Capital Asset Activity**

**Furniture, Equipment & Machinery – Administration** increased by a net amount \$349 due to the purchase of a filing cabinet.

**Accumulated Depreciation** increased by \$2,005. This is the amount of current year depreciation expense.

	<b>2009</b>	<b>2008</b>	<b>Variance</b>	<b>Percentage Change</b>
Furniture, Equipment, & Machinery - Administrative	25,040	24,691	349	1%
<b>Total Fixed Assets</b>	<b>25,040</b>	<b>24,691</b>	<b>349</b>	<b>1%</b>
Accumulated Depreciation	14,676	12,671	2,005	16%
<b>Net Fixed Assets</b>	<b>10,364</b>	<b>12,020</b>	<b>-1,656</b>	<b>-14%</b>

**Outstanding Debt**

The Housing Authority had no outstanding debt in fiscal year 2009 or 2008.

**LOGANSPOUT HOUSING AUTHORITY  
LOGANSPOUT, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 239,696
Accounts receivable (interfund eliminated)	2,762
Deferred charges	<u>5,746</u>

Total Current Assets \$ 248,204

**RESTRICTED ASSETS**

Cash	\$ <u>274,398</u>
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Total Restricted Assets \$ 274,398

**CAPITAL ASSETS**

Land, buildings and equipment	\$ 25,040
Less: Accumulated depreciation	<u>-14,676</u>

Total Capital Assets \$ 10,364

Total Assets \$ 532,966

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable (interfund eliminated)	\$ 617
Accrued liabilities	5,495
Deferred revenues	<u>100,262</u>

Total Current Liabilities \$ 106,374

**NONCURRENT LIABILITIES**

Trust and deposit liabilities	\$ <u>50,737</u>
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Total Noncurrent Liabilities \$ 50,737

**NET ASSETS**

Invested in capital assets	\$ 10,364
Restricted	223,661
Unrestricted	<u>141,830</u>

Total Net Assets \$ 375,855

**LOGANSPOUR HOUSING AUTHORITY  
LOGANSPOUR, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Operating Income

HUD grants - operating	\$ 1,234,093
Other income	<u>18,817</u>
Total Operating Income	<u>\$ 1,252,910</u>

Operating Expenses

Administration	\$ 133,684
Tenant services	29,121
Ordinary maintenance and operation	335
General expense	921
Housing assistance payments	1,022,950
Depreciation	<u>2,005</u>
Total Operating Expenses	<u>\$ 1,189,016</u>
Net Operating Income (Loss)	<u>\$ 63,894</u>

Nonoperating Income (Expense)

Interest income	<u>\$ 10</u>
Total Nonoperating Income (Expense)	<u>\$ 10</u>
Changes in net assets	\$ 63,904
Net assets, beginning of year	<u>311,951</u>
Net assets, end of year	<u><u>\$ 375,855</u></u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

Operating Activities

Operating grants	\$ 1,342,288
Other revenue	18,817
Housing assistance payments	-1,022,950
Payments to employees	-110,863
Payments to suppliers and contractors	<u>-58,143</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 169,149</u>

Investing Activities

Interest income	<u>\$ 10</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 10</u>

Capital and Related Financing Activities

Additions (deletions) to fixed assets	<u>\$ -349</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -349</u>

Net Change in Cash	\$ 168,810
Cash Balance at December 31, 2008	<u>345,284</u>
Cash Balance at December 31, 2009	<u>\$ 514,094</u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED DECEMBER 31, 2009**

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

Net operating income (loss)	\$ 63,894
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	2,005
(Increase) decrease in accounts receivable	5,361
(Increase) decrease in deferred charges	-269
Increase (decrease) in accounts payable	174
Increase (decrease) in accrued liabilities	4,482
Increase (decrease) in trust and deposit liabilities	-6,760
Increase (decrease) in deferred revenue	<u>100,262</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 169,149</u>

**LOGANSFORT HOUSING AUTHORITY  
LOGANSFORT, INDIANA**

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

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.

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the 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, 2009  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- \* 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, 2009, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(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, 2009  
(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) Net Assets -

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

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

(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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

- (l) The Housing Authority adopts a budget annually. The budgets 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.
- (n) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disables residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (o) Rental income is recognized as rents become due.
- (p) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

All cash and investments are insured up to \$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.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2009  
(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>
Voucher	<u>\$ 514,094</u>	<u>\$ 514,823</u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

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.

Note 4 - Defined Contribution Plan

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:

Fraud recovery	\$ 39,229
Allowance for doubtful accounts - fraud	-36,873
Accounts receivable - other	<u>406</u>
Total	<u><u>\$ 2,762</u></u>

Note 6 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ 2,091
Other	<u>3,655</u>
Total	<u><u>\$ 5,746</u></u>

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 7 - Fixed Assets

Balance as of December 31, 2009	\$ 10,364
Balance as of December 31, 2008	<u>12,020</u>
Net Increase (Decrease)	<u>\$ -1,656</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 349
Current year depreciation expense	<u>-2,005</u>
Net Increase (Decrease)	<u>\$ -1,656</u> *

<u>Analysis</u>	<u>01/01/2009 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2009 Balance</u>
Equipment and furniture	\$ 24,691	\$ 349	\$ 0	\$ 25,040
Total	\$ 24,691	\$ 349	\$ 0	\$ 25,040
Accumulated depreciation	<u>-12,671</u>	<u>0</u>	<u>2,005</u> *	<u>-14,676</u>
Net Assets	<u>\$ 12,020</u>	<u>\$ 349</u>	<u>\$ 2,005</u>	<u>\$ 10,364</u>

\*Current year depreciation expense recognized.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors payable	<u>\$ 617</u>
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Note 9 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued wages and payroll taxes	<u>\$ 5,495</u>
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**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

Note 10 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	<u>\$ 50,737</u>
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Note 11 - Deferred Revenue

This classification consists of the following:

Other	<u>\$ 100,262</u>
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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 - 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 14 - 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 15 - Economic Dependency

The Housing Authority received most of its revenue (98%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

## **SUPPLEMENTAL DATA**

**LOGANSPOUR HOUSING AUTHORITY  
LOGANSPOUR, INDIANA**

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

<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 12/31/09	<u>\$ 1,234,093</u>	<u>\$ 1,189,016</u>	<u>\$ 1,189,016</u>
Total Housing Assistance				<u>\$ 1,234,093</u>	<u>\$ 1,189,016</u>	<u>\$ 1,189,016</u>

\*Denotes major program.

**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, 2009, and have issued my report thereon dated August 10, 2010. 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 Logansport Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Logansport Housing Authority's internal control over financial reporting.

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

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

**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, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Logansport Housing Authority in a separate letter dated August 10, 2010.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, and Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Decatur, Illinois  
August 10, 2010

Handwritten signature of Pamela J. Simpson in cursive script.

Certified Public Accountant

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

Board of Commissioners  
Logansport Housing Authority  
Logansport, Indiana

**Compliance**

I have audited Logansport Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Logansport Housing Authority's major federal programs for the year ended December 31, 2009. 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 requirement 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2009. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items ( 2009-1).

## Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Logansport Housing Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items (2009-1). A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Logansport Housing Authority's responses to the finding identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Logansport Housing Authority's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, Housing and Urban Development, 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 10, 2010



Certified Public Accountant

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

**STATUS OF PRIOR AUDIT FINDINGS**

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

**LOGANSPOORT HOUSING AUTHORITY  
LOGANSPOORT, INDIANA**

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

**Section I - Summary of Auditor 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? X yes \_\_\_\_\_ none reported

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

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

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

Housing Choice Voucher Program 14.871

**LOGANSPOUR HOUSING AUTHORITY  
LOGANSPOUR, 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 10, 2010.

**Section III - Federal Award Audit Findings**

There was one federal award audit findings discussed with Sharon Roach, Executive Director, during the course of the audit and at an exit conference held August 10, 2010.

**Finding 2009-1: Incomplete Section 8 Participant Files**

*Condition and Criteria:* HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During my current year test of participant eligibility (30 files examined) I noted incomplete documentation and incorrect calculations of HAP as follows: (a) EIV reports in the files did not correlate to the earned income anticipated (b) many files did not have an EIV report for each interim or annual recertification (b) social security income was not updated for annual increases in benefits (c) anticipated medical expenses (such as spend down allowances) were not properly verified or calculated (d) the Administrative Plan does not specifically address the use of TANF as income in cases where the participant is not receiving it because of a sanction, but the TANF was used in the calculation (e) income was verified from deposits listed on bank statements instead of third party verification from the payer and as a result net income was used instead of gross (f) not all files contained rent reasonable/comparabilities when rent increases were requested by landlords and granted (g) one dependent received SSI benefits and the EIV report confirmed a disability, but the 50058 did not indicate the child was a disabled individual (h) one file had several documents indicating that the two adults in the household had a marital relationship, but the wife was listed as "other adult" and as a result was given a disability allowance.

*Effect:* It cannot be determined if the Section 8 participants were eligible and their HAP assistance was calculated in accordance with HUD regulations.

*Cause:* The applications used by the agency were not detailed to provide adequate information when processing applications, certifications and recertifications. EIV were not used to verify and check information provided by participants. Proper quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant.

*Auditor's Recommendation:* The application filled out by all participants should be reviewed and expanded to provide all information needed to process the application and certification. EIV reports should be used to verify all income. I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility and exemptions. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Administrative Plan and that they are trained in the proper procedures for consistently applying those policies and HUD regulations.

**LOGANSPOORT HOUSING AUTHORITY  
LOGANSPOORT, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
GRANTEE RESPONSE**

**Finding 2009-1: Incomplete Section 8 Participant Files** (Continued)

*Grantee Response:* The application had been updated, but the new form had not yet been used. It will be reviewed again for adequacy and to determine it provides complete information. The Admin plan will be reviewed and updated by the Executive Director and intake staff. Additional quality assurance reviews will be conducted by the Executive Director to determine that the policies are being adhered to in the future.

**LOGANSPORT HOUSING AUTHORITY  
LOGANSPORT, INDIANA**

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

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Staff training	4140	\$ 254.25		2810.002
Telephone	4191	16.05		2810.002
Office supplies	4190.06	347.19		2810.002
Vendor payable	2111		\$ 617.49	2111
(To record liability for November-December 2009 bills paid in 2010)				

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, 2009, 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.

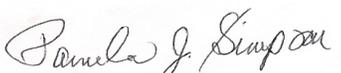
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the 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. Housing Authority still needs to address a travel section in their internal controls and procedures.
2. 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 thirty 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.
3. 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 due to the errors noted during the audit of files in the current fiscal year.

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.

Decatur, Illinois  
August 10, 2010

  
Certified Public Accountant