



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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June 9, 2014

Board of Directors
Greendale Housing Authority
P.O. Box 128
c/o QPM
Dillsboro, IN 47018

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2007 to March 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 Greendale Housing Authority, as of March 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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2008

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

I have audited the accompanying financial statements of Greendale Housing Authority and the aggregate discretely presented component unit, as of and for the year ended March 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 Greendale Housing Authority and the aggregate discretely presented component unit, as of March 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 October 28, 2008, on my consideration of the Greendale 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 Greendale Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the financial statements of the Greendale 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 Greendale Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Handwritten signature of Pamela J. Simpson in cursive script.

Decatur, Illinois
October 28, 2008

Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

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As management of the Greendale Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended (FYE) March 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 management company (QPM) for Greendale Housing Authority, 489 Ludlow, Greendale, IN 47025, (812) 432-3230.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$798,970 (net assets).

The Authority's cash balance at March 31, 2008, was \$67,010 representing a decrease of \$41,407 from March 31, 2007.

The Authority had tenant generated operating revenues of \$137,776, Department of Housing and Urban Development (HUD) subsidy of \$106,969, HUD grants of \$27,601, other income of \$5,539 and interest income of \$5,113 for the year ending March 31, 2008.

As of March 31, 2008, the Authority's investment in capital assets was \$688,951 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment. Capital outlays for the year were \$27,603 consisting of the following purchases:

*Water Heaters (4)	\$ 2,741
*Carpet	12,722
*Room Improvements	2,964
*Refrigerators (16)	6,976
*Furnace (2)	<u>2,200</u>
	<u>\$ 27,603</u>

FUTURE EVENTS (NEW BUSINESS)

The Authority adopted an operating budget for FYE March 31, 2009. This budget reflects total operating revenues of \$200,625 and total operating expenses of \$208,954. HUD has funded the subsidy at 32%.

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

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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 Fund 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.

ENTITY WIDE FINANCIAL STATEMENT COMPARISON FYE’S 2007 AND 2008

Total Current Assets for FYE 2007 were \$113,868, and at FYE 2008, the amount was \$141,265. This represents an increase of \$27,397 due primarily to an increase in funds invested.

Total Fixed Assets increased by \$30,466. At FYE 2007 and FYE 2008, the amounts were \$2,273,850 and \$2,304,316 respectively.

Total Liabilities increased by \$2,539 from \$28,707 at FYE 2007 to \$31,246 at FYE 2008 related to an increase in deferred revenues and PILOT.

Revenues increased by \$72,832. At FYE 2007 and FYE 2008, total revenues were \$210,166 and \$282,998 respectively. HUD subsidy increased, as did Capital Funds grants.

Total Expenses increased by \$37,245. Total expenses were \$291,894 in FYE 2007 and \$329,139 in FYE 2008.

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>Percent Variances</u>
Current Assets	141,265	113,868	27,397	24%
Capital Assets	688,951	756,344	(67,393)	-9%
Total Assets	830,216	870,212	(39,996)	-5%
Current Liabilities	31,246	28,707	2,539	9%
Total Liabilities	31,246	28,707	2,539	9%
Net Invested in Capital Assets	688,951	756,344	(67,393)	-9%
Unrestricted Net Assets	110,019	85,161	24,858	29%
Total Net Assets	798,970	841,505	(42,535)	-5%

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Total revenues for Fiscal Year Ending March 31, 2007 were \$210,166 as compared to the total revenues for Fiscal Year Ending March 31, 2008 of \$282,998. Comparatively, Fiscal Year Ending 2008 revenues exceeded Fiscal Year Ending 2007 revenues by \$72,832.

	<u>2008</u>	<u>2007</u>	<u>Variance</u>	<u>Percentage Change</u>
Tenant Revenue	137,776	127,047	10,729	8%
HUD Operating Grants	106,969	55,663	51,306	92%
HUD Capital Grants	27,601	18,223	9,378	52%
Investment Income	5,113	3,739	1,374	37%
Other Revenue	5,539	5,494	45	1%
Total Revenue	<u>282,998</u>	<u>210,166</u>	<u>72,832</u>	<u>35%</u>

Total expenditures for Fiscal Year Ending March 31, 2007 were \$291,894 as compared to \$329,139 of total expenditures for Fiscal Year Ending March 31, 2008. Comparatively, Fiscal Year Ending 2008 expenditures exceeded Fiscal Year Ending 2007 expenditures by \$37,245.

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	62,395	54,207	8,188	15%
Tenant Services	1,309	1,307	2	0%
Utilities	42,239	40,746	1,493	4%
Maintenance and Operation	82,050	74,843	7,207	10%
General Expense	23,639	25,010	(1,371)	-6%
Extraordinary Maintenance	18,976	0	18,976	100%
Depreciation Expense	98,531	95,781	2,750	3%
Total Expenses	<u>\$329,139</u>	<u>\$291,894</u>	<u>\$37,245</u>	<u>13%</u>

Miscellaneous operating expenditures which includes training and miscellaneous office expense increased by \$7,371.

The Housing Authority expended a greater amount in the maintenance labor and supplies accounts due to entering into fewer maintenance contracts.

Capital Funds were used to complete several extra ordinary maintenance projects which included concrete work and a catch basin.

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

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LOW INCOME PUBLIC HOUSING BUDGETARY HIGHLIGHTS

Results of Operations

Management prepared a budget that anticipated a net loss of \$829. The actual results of operation reflected a net income of \$24,814, which did not include a \$93,316 depreciation expense.

Operating Receipts were over budget by \$11,092 (before grants were applied). Dwelling Rent was recorded over budget by \$7,422. Interest income was recorded over budget by \$3,622. Other income was over budget by \$48. This is a result of slightly greater rents collected than anticipated.

Administrative Expenses for FYE 2008 were under budget by \$2,664.

Tenant Services Expenditures for FYE 2008 were under budget by \$91.

Utility Expenses for FYE 2008 were over budget by \$2,052.

Ordinary Maintenance and Protective Services Expense for FYE 2008 was over budget by \$6,723.

General Expenses for FYE 2008 were over budget by \$1,232.

Extraordinary Maintenance and Casualty Losses were not budgeted and resulted in no material budget issues.

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

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The following table summarizes the significant budget variances outlined on prior page:

Low Income Public Housing FYE 2008 Budget vs. Actual

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent Variances</u>
Tenant Revenue	130,354	137,776	(7,422)	-5%
HUD Subsidy	63,290	85,093	(21,803)	-26%
HUD Grants	0	0	0	0%
Interest	1,490	5,112	(3,622)	-71%
Other Income	5,491	5,539	(48)	-1%
Total Revenue	<u>200,625</u>	<u>233,520</u>	<u>(32,895)</u>	<u>-14%</u>
Administrative	62,533	59,869	2,664	4%
Tenant Services	1,400	1,309	91	7%
Utilities	40,187	42,239	(2,052)	-5%
Maintenance	74,927	81,650	(6,723)	-8%
General Expense	22,407	23,639	(1,232)	-5%
Total Expenses (excluding depreciation)	<u>201,454</u>	<u>208,706</u>	<u>(7,252)</u>	<u>-4%</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

Accumulated Depreciation increased by \$97,859. This is the amount of current year depreciation expense netted against an adjustment to accumulated depreciation related to prior years.

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	104,520	104,521	(1)	0%
Buildings	1,693,210	1,693,210	0	0%
Equipment and furniture	316,611	286,144	30,467	11%
Leasehold Improvements	189,975	189,975	0	0%
Total Fixed Assets	<u>2,304,316</u>	<u>2,273,850</u>	<u>30,466</u>	<u>1%</u>
Accumulated Depreciation	1,615,365	1,517,506	97,859	6%
Net Fixed Assets	<u>688,951</u>	<u>756,344</u>	<u>(67,393)</u>	<u>-9%</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

ASSETS

CURRENT ASSETS

Cash	\$ 67,010
Investments	70,573
Inventory	2,091
Deferred charges	<u>1,591</u>

Total Current Assets \$ 141,265

CAPITAL ASSETS

Land, buildings and equipment	\$ 2,304,316
Less: Accumulated depreciation	<u>-1,615,365</u>

Total Capital Assets \$ 688,951

Total Assets \$ 830,216

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 15,326
Accrued liabilities	9,824
Deferred revenue	<u>6,096</u>

Total Current Liabilities \$ 31,246

NET ASSETS

Invested in capital assets	\$ 688,951
Unrestricted	<u>110,019</u>

Total Net Assets \$ 798,970

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Income

Tenant rental revenue	\$ 137,776
Total Rental Income	\$ 137,776
HUD grants - operating	106,969
Other revenue	<u>5,539</u>
Total Operating Income	<u>\$ 250,284</u>

Operating Expenses

Administration	\$ 62,395
Tenant services	1,309
Utilities	42,239
Ordinary maintenance and operation	82,050
General expense	23,639
Extraordinary maintenance	18,976
Depreciation	<u>98,531</u>
Total Operating Expenses	<u>\$ 329,139</u>
Net Operating Income (Loss)	\$ -78,855

Nonoperating Income (Expense)

Interest income	5,113
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Capital Contributions

Capital funds grants	<u>27,601</u>
Changes in net assets	\$ -46,141
Net assets, beginning of year	841,505
Prior period adjustments	<u>3,606</u>
Net assets, end of year	<u><u>\$ 798,970</u></u>

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Activities

Operating grants	\$ 106,969
Tenant revenue	137,286
Other revenue	5,539
Payments to suppliers and contractors	<u>-222,204</u>

Net Cash Provided (Used) by Operating Activities \$ 27,590

Investing Activities

Investments (purchased) redeemed	\$ -70,573
Interest income	<u>5,113</u>

Net Cash Provided (Used) by Investing Activities \$ -65,460

Capital and Related Financing Activities

HUD grants - capital	\$ 27,601
(Additions) deletions to fixed assets	<u>-31,138</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -3,537

Net Change in Cash \$ -41,407

Cash Balance at March 31, 2007 108,417

Cash Balance at March 31, 2008 \$ 67,010

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

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

Net operating income (loss)	\$ -78,855
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	98,531
Adjustments to net assets	3,606
(Increase) decrease in accounts receivable	22
(Increase) decrease in deferred charges	-1,591
(Increase) decrease in inventories	3,360
Increase (decrease) in accounts payable	-677
Increase (decrease) in accrued liabilities	1,067
Increase (decrease) in deferred revenues	<u>2,127</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,590</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Greendale Housing Authority was established by the City of Greendale 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 Greendale and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs a management company 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 Greendale 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 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:

- * Low Rent Public Housing
- * Capital Fund Program

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one 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 March 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

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

(h) Investments -

Investments are stated at cost which approximates market.

(i) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

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

Buildings	27.5	years
Equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	10	years

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(j) Income Tax -

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

(k) Annual Contributions/Subsidies and Other Grants

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

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

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

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

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 60,941	\$ 60,941
Capital Funds	<u>6,069</u>	<u>6,069</u>
Total	<u>\$ 67,010</u>	<u>\$ 67,010</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 70,573</u>	<u>\$ 70,573</u>

Note 3 - Investments

At March 31, 2008 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Money market	1.4%	\$ 12,588	\$ 12,588
Certificate of deposit	5.4%	<u>57,985</u>	<u>57,985</u>
Total		<u>\$ 70,573</u>	<u>\$ 70,573</u>

Note 4 - Deferred Charges

This classification includes the following:

Prepaid insurance	<u>\$ 1,591</u>
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Note 5 - Fixed Assets

Balance as of March 31, 2008	\$ 688,951
Balance as of March 31, 2007	<u>756,344</u>
Net Increase (Decrease)	<u>\$ -67,393</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 4 - Fixed Assets (Continued)

Reconciliation

Property betterments and additions	\$ 27,603
Current year depreciation expense	-98,531 *
Adjustment to fixed asset basis	<u>3,535</u>
Net Increase (Decrease)	<u>\$ -67,393</u>

<u>Analysis</u>	<u>04/01/2007 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2008 Balance</u>
Land	\$ 104,520	\$ 0	\$ 0	\$ 104,520
Building	1,693,210	0	0	1,693,210
Equipment and furniture	286,145	30,466	0	316,611
Leasehold improvements	<u>189,975</u>	<u>0</u>	<u>0</u>	<u>189,975</u>
Total Assets	\$ 2,273,850	\$ 30,466	\$ 0	\$ 2,304,316
Accumulated depreciation	<u>-1,517,506</u>	<u>672</u>	<u>98,531*</u>	<u>-1,615,365</u>
Net Assets	<u>\$ 756,344</u>	<u>\$ 31,138</u>	<u>\$ 98,532</u>	<u>\$ 688,951</u>

*Current year depreciation recognized.

Note 5 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 7,066
Tenants security deposits	<u>8,260</u>
Total	<u>\$ 15,326</u>

Note 6 - Accrued Liabilities

Accrued liabilities consists of the following:

Payment in lieu of taxes	<u>\$ 9,824</u>
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Note 7 - Deferred Revenues

Deferred revenues consist of the following:

Deferred - HUD grants	<u>\$ 6,096</u>
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 8 - 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 9 - Prior Year Adjustment to Net Assets

Adjustments to fixed asset basis	\$ 3,535
Adjustment to prior year CFP expenses	21
Adjustment to record petty cash on books	<u>50</u>
Total	<u>\$ 3,606</u>

Note 10 - 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 11 - Economic Dependency

The Housing Authority received a significant portion of its revenue (48%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-2079	FYE 03/31/08	\$ 85,093	\$ 85,093	\$ 85,093
Public Housing - Capital Funds	14.872	C-2079	FYE 03/31/08	\$ 164,230	\$ 49,477	\$ 49,477
Total Housing Assistance				<u>\$ 249,323</u>	<u>\$ 134,570</u>	<u>\$ 134,570</u>

*Denotes major program.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF NET ASSETS
AS OF MARCH 31, 2008**

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>
CURRENT ASSETS		
Cash	\$ 60,941	\$ 6,069
Accounts receivable	0	0
Investments	70,573	0
Inventories	2,091	0
Deferred charges	<u>1,591</u>	<u>0</u>
Total Current Assets	<u>\$ 135,196</u>	<u>\$ 6,069</u>
CAPITAL ASSETS		
Land, buildings and equipment	\$ 2,247,325	\$ 56,991
Less: Accumulated depreciation	<u>-1,607,287</u>	<u>-8,078</u>
Net Capital Assets	<u>\$ 640,038</u>	<u>\$ 48,913</u>
Total Assets	<u>\$ 775,234</u>	<u>\$ 54,982</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 15,326	\$ 0
Accrued liabilities	9,824	0
Deferred revenue	<u>0</u>	<u>6,096</u>
Total Current Liabilities	<u>\$ 25,150</u>	<u>\$ 6,096</u>
 <u>NET ASSETS</u>		
Invested in capital assets	\$ 640,038	\$ 48,913
Unrestricted	<u>110,046</u>	<u>-27</u>
Total Net Assets	<u><u>\$ 750,084</u></u>	<u><u>\$ 48,886</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED MARCH 31, 2008**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Tenant rental revenue	\$ 137,776	\$ 0
Total Rental Revenue	\$ 137,776	\$ 0
HUD grants - operating	85,093	21,876
Other revenue	<u>5,539</u>	<u>0</u>
Total Operating Income	<u>\$ 228,408</u>	<u>\$ 21,876</u>
 <u>Operating Expenses</u>		
Administration	\$ 59,869	\$ 2,526
Tenant services	1,309	0
Utilities	42,239	0
Ordinary maintenance and operation	81,650	400
General expense	23,639	0
Extraordinary maintenance	0	18,976
Depreciation	<u>93,316</u>	<u>5,215</u>
Total Operating Expenses	<u>\$ 302,022</u>	<u>\$ 27,117</u>
Net Operating Income (Loss)	\$ -73,614	\$ -5,241
 <u>Nonoperating Income (Expense)</u>		
Interest income	5,112	1
 <u>Capital Contributions</u>		
Capital funds grants	<u>0</u>	<u>27,601</u>
Changes in Net Assets	<u>\$ -68,502</u>	<u>\$ 22,361</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED MARCH 31, 2008**

<u>Unrestricted Net Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Balance at March 31, 2007	\$ 85,161	\$ 0
Current year net income (loss)	24,814	-27
Prior year adjustment	<u>71</u>	<u>0</u>
Balance at March 31, 2008	<u>\$ 110,046</u>	<u>\$ -27</u>
 <u>Invested in Capital Assets</u>		
Balance at March 31, 2007	\$ 729,819	\$ 26,525
Current year net income (loss)	-93,316	22,388
Prior year adjustment	<u>3,535</u>	<u>0</u>
Balance at March 31, 2008	<u>\$ 640,038</u>	<u>\$ 48,913</u>
Total Net Assets	<u><u>\$ 750,084</u></u>	<u><u>\$ 48,886</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2008**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Operating grants	\$ 85,093	\$ 21,876
Tenant revenue	137,286	0
Other revenue	5,539	0
Payments to suppliers and contractors	<u>-202,451</u>	<u>-19,753</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,467</u>	<u>\$ 2,123</u>
 <u>Investing Activities</u>		
Investments (purchased) redeemed	\$ -70,573	\$ 0
Interest income	<u>5,112</u>	<u>1</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -65,461</u>	<u>\$ 1</u>
 <u>Capital and Related Financing Activities</u>		
HUD grants - capital	\$ 0	\$ 27,601
(Additions) deletions to fixed assets	<u>-3,535</u>	<u>-27,603</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -3,535</u>	<u>\$ -2</u>
Net Change in Cash	\$ -43,529	\$ 2,122
Cash Balance at March 31, 2007	<u>104,470</u>	<u>3,947</u>
Cash Balance at March 31, 2008	<u><u>\$ 60,941</u></u>	<u><u>\$ 6,069</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2008**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Net operating income (loss)	\$ -73,614	\$ -5,241
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	93,316	5,215
Adjustments to net assets	3,606	0
(Increase) decrease in accounts receivable	0	22
(Increase) decrease in deferred charges	-1,591	0
(Increase) decrease in inventories	3,360	0
Increase (decrease) in accounts payable	-677	0
Increase (decrease) in accrued liabilities	1,067	0
Increase (decrease) in deferred revenues	<u>0</u>	<u>2,127</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,467</u>	<u>\$ 2,123</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P090501-04**

1. The Actual Modernization Costs of Phase IN36P090501-04 are as follows:

Funds approved	\$	58,866
Funds expended		<u>58,866</u>
Excess of Funds Approved	\$	<u>0</u>
Funds advanced		
Project notes, non-HUD	\$	58,866
Funds expended		<u>58,866</u>
Excess of Funds Advanced	\$	<u>0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated January 10, 2008, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

I have audited the financial statements of the governmental activities and the aggregate discretely presented component unit of Greendale Housing Authority as of and for the year ended March 31, 2008, which collectively comprise the Greendale Housing Authority's basic financial statements and have issued my report thereon dated October 28, 2008. 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 Greendale 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 Greendale Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Greendale 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 Greendale 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 Greendale Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Greendale 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 Greendale 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 Greendale 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 Greendale Housing Authority, in a separate letter dated October 28, 2008.

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
October 28, 2008

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Section I - Summary of Auditor's Results

Low Risk Auditee X yes _____ no

Financial Statements

Type of auditor's report: Unqualified

- * Material weakness(es) identified? _____ yes X no
- * Reportable condition(s) 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
- * Reportable condition(s) identified that are not
considered to be material weaknesses? _____ yes X none reported

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

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

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

NONE

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II - Financial Statements Findings

There were no financial statement audit findings discussed with the Greendale Housing Authority's property management company (QPM) and a representative of the fee accounting firm during the course of the audit and at a conference held October 28, 2008.

Section III - Federal Award Findings

There were no federal award audit findings discussed with the Greendale Housing Authority's property management company (QPM) and a representative of the fee accounting firm during the course of the audit and at a conference held October 28, 2008

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Petty cash	----	\$ 50.00		----
Surplus	2806		\$ 50.00	2806
(To record petty cash on books from prior period per discussion with Housing Authority)				
(2)				
Surplus	2806		\$ 69,318.62	2806
Furniture, equipment - dwelling	1400.8	\$ 46,831.62		1400.8
Furniture, equipment - admin	1400.9	3,511.00		1400.9
LHI	1400.1	18,976.00		1400.1
(To reverse PHA's adjusting journal entry)				
(3)				
Prepaid insurance		\$ 1,590.36	\$ 1,590.36	
Accounts payable		2,845.87	2,845.87	
Deferred revenue	2118.1	66,294.70		2118.1
PILOT	2137		397.25	2137
Surplus	2806	4,436.23	70,333.68	2806
Insurance expense	4510	1,590.36	1,590.36	
Gas	4330	1,270.54	1,270.54	
Maintenance materials	4420	1,461.11	1,461.11	
Contract costs	3430	221.23	221.23	
Accounting fees	4170	637.50	637.50	
Outside management fees	4195	3,180.42	3,180.42	
Maintenance labor	4410	1,980.83	1,980.83	
(To post prior year adjusting journal entries correctly)				
(4)				
Deferred revenue	2118.1		\$ 9,976.89	2118.1
Operating subsidy	8020	\$ 10,000.00		2806
CFP subsidy	3401		10,000.00	2806
Surplus	2806	46,548.66		2806
CFP subsidy	3401		36,571.77	2806
(To correct subsidy received)				
(5)				
Contract costs	4430	\$ 2,920.00		2806
Vendor payables	2111		\$ 2,920.00	2111
(To set up additional vendor payable based on subsequently paid bills examined)				

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(6)				
A/P - vendor	2111	\$ 3,123.00		2111
Outside management fees	4195	3,180.42		2806
Maintenance labor	4410	1,980.83		2806
Accounting fees	4170	637.50		2806
Maintenance materials	4420		\$ 1,461.11	2806
Gas	4330		1,270.54	2806
Contract costs	4430		221.23	2806
Unrestricted net assets	2806		4,436.23	2806
Prepaid insurance	1211		1,532.64	1211
(To post prior year audit adjustments)				
<u>Capital Funds</u>				
(1)				
Extraordinary maintenance	4620	\$ 18,976.00		2806
Leasehold improvements	1400.1		\$ 18,976.00	1400.1
(To correct posting of Capital Fund expenditures)				

PHA: IN090 FYED: 03/31/2008

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$52,681	\$6,069	\$58,750
114	Cash - Tenant Security Deposits	\$8,260	\$0	\$8,260
100	Total Cash	\$60,941	\$6,069	\$67,010
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0
131	Investments - Unrestricted	\$70,573	\$0	\$70,573
142	Prepaid Expenses and Other Assets	\$1,591	\$0	\$1,591
143	Inventories	\$2,091	\$0	\$2,091
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
150	Total Current Assets	\$135,196	\$6,069	\$141,265
161	Land	\$104,520	\$0	\$104,520
162	Buildings	\$1,693,210	\$0	\$1,693,210
163	Furniture, Equipment & Machinery - Dwellings	\$210,070	\$56,991	\$267,061
164	Furniture, Equipment & Machinery - Administration	\$49,550	\$0	\$49,550
165	Leasehold Improvements	\$189,975	\$0	\$189,975
166	Accumulated Depreciation	\$-1,607,287	\$-8,078	\$-1,615,365
160	Total Fixed Assets, Net of Accumulated Depreciation	\$640,038	\$48,913	\$688,951
180	Total Non-Current Assets	\$640,038	\$48,913	\$688,951
190	Total Assets	\$775,234	\$54,982	\$830,216

PHA: IN090 FYED: 03/31/2008

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$7,066	\$0	\$7,066
333	Accounts Payable - Other Government	\$9,824	\$0	\$9,824
341	Tenant Security Deposits	\$8,260	\$0	\$8,260
342	Deferred Revenues	\$0	\$6,096	\$6,096
310	Total Current Liabilities	\$25,150	\$6,096	\$31,246
350	Total Noncurrent Liabilities	\$0	\$0	\$0
300	Total Liabilities	\$25,150	\$6,096	\$31,246
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$640,038	\$48,913	\$688,951
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$110,046	\$-27	\$110,019
513	Total Equity/Net Assets	\$750,084	\$48,886	\$798,970
600	Total Liabilities and Equity/Net Assets	\$775,234	\$54,982	\$830,216

PHA: IN090 FYED: 03/31/2008

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$137,776	\$0	\$137,776
705	Total Tenant Revenue	\$137,776	\$0	\$137,776
706	HUD PHA Operating Grants	\$85,093	\$21,876	\$106,969
706.1	Capital Grants	\$0	\$27,601	\$27,601
711	Investment Income - Unrestricted	\$5,112	\$1	\$5,113
715	Other Revenue	\$5,539	\$0	\$5,539
700	Total Revenue	\$233,520	\$49,478	\$282,998

PHA: IN090 FYED: 03/31/2008

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
912	Auditing Fees	\$3,325	\$0	\$3,325
913	Outside Management Fees	\$36,260	\$2,500	\$38,760
916	Other Operating - Administrative	\$20,284	\$26	\$20,310
924	Tenant Services - Other	\$1,309	\$0	\$1,309
931	Water	\$6,524	\$0	\$6,524
932	Electricity	\$14,904	\$0	\$14,904
933	Gas	\$18,368	\$0	\$18,368
938	Other Utilities Expense	\$2,443	\$0	\$2,443
941	Ordinary Maintenance and Operations - Labor	\$28,396	\$0	\$28,396
942	Ordinary Maintenance and Operations - Materials and Other	\$18,939	\$400	\$19,339
943	Ordinary Maintenance and Operations - Contract Costs	\$34,315	\$0	\$34,315
961	Insurance Premiums	\$13,815	\$0	\$13,815
963	Payments in Lieu of Taxes	\$9,824	\$0	\$9,824
969	Total Operating Expenses	\$208,706	\$2,926	\$211,632
970	Excess Operating Revenue over Operating Expenses	\$24,814	\$46,552	\$71,366
971	Extraordinary Maintenance	\$0	\$18,976	\$18,976
974	Depreciation Expense	\$93,316	\$5,215	\$98,531
900	Total Expenses	\$302,022	\$27,117	\$329,139
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-68,502	\$22,361	\$-46,141

PHA: IN090 FYED: 03/31/2008

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$814,980	\$26,525	\$841,505
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$3,606	\$0	\$3,606
1120	Unit Months Available	600	0	600
1121	Number of Unit Months Leased	600	0	600

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PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

In planning and performing my audit of the financial statements of Greendale Housing Authority as of and for the year ended March 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 Greendale Housing Authority 's internal control. Accordingly, I do not express an opinion on the effectiveness of Greendale 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 accurately verified.

The written policies should also cover the extent that outside consultants are used to enhance internal controls. The policies should include the detail of level of responsibility the consultant is assuming in the preparation and review of the year end financial statements as compared to the level responsibility the housing is authority is maintaining. The written procedures should indicate who will prepare and maintain copies of year end schedules, journal entries and reconciliations. However the Housing Authority management should keep in mind that you have the ultimate responsibility for preparation of accurate and complete financial statements.

In addition to the current informal policies being used, other policies you may want to consider would address: (a) approval of journal entries (hard copies should be initialed) (b) documentation of approval of payroll (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).

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.

A handwritten signature in cursive script that reads "Pamela J. Simpson".

Decatur, Illinois
October 28, 2008

Certified Public Accountant