



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

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

STATE BOARD OF ACCOUNTS

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2009

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

TABLE OF CONTENTS

Auditor's Report	1
Management's Discussion and Analysis	3
FINANCIAL STATEMENTS	
Statement of Net Assets as of March 31, 2009	6
Statement of Revenue, Expenditures and Changes in Net Assets - Proprietary Funds Twelve Months Ended March 31, 2009	7
Statement of Cash Flows - Twelve Months Ended March 31, 2009	8
Notes to Financial Statements	10
SUPPLEMENTAL DATA	
Schedule of Expenditure of Federal Awards	19
PHA's Statement and Certification of Actual Modernization Cost - Phase IN36P09051-05	20
Phase IN36P09051-06	21
Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	22
Status of Prior Audit Findings	24
Schedule of Findings and Questioned Costs - Summary	25
Current Findings, Recommendations and Replies	26
Schedule of Adjusting Journal Entries	27
Financial Data Schedule - REAC Electronic Submission	28

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, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2009, 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 materials respects in relation to the financial statements taken as a whole.

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

Decatur, Illinois
December 15, 2009

Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2009**

3

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, 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 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 \$832,227 (net assets).

The Authority's cash balance at March 31, 2009, was \$131,435 representing an increase of \$64,425 from March 31, 2008.

The Authority had tenant generated operating revenues of \$141,777, Department of Housing and Urban Development (HUD) subsidy of \$141,090, HUD grants of \$83,363, other income of \$5,090 and interest income of \$4,255 for the year ending March 31, 2009.

As of March 31, 2009, the Authority's investment in capital assets was \$665,002 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment.

FUTURE EVENTS (NEW BUSINESS)

The Authority adopted an operating budget for FYE March 31, 2010.

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2009**

4

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 2009 were \$194,576, and at FYE 2008, the amount was \$141,265. This represents an increase of \$53,311 due primarily to subsidy.

Total Fixed Assets decreased by \$23,949.

Total Liabilities decreased by \$3,895 from \$27,351 at FYE 2009 to \$31,246 at FYE 2008.

Revenues increased by \$92,577. At FYE 2009 and FYE 2008, total revenues were \$375,575 and \$282,998 respectively. HUD subsidy increased, as did Capital Funds grants.

Total Expenses increased by \$13,179. Total expenses were \$342,318 in FYE 2009 and \$329,139 in FYE 2008.

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variances</u>
Current Assets	194,576	141,265	53,311	38%
Capital Assets	665,002	688,951	(23,949)	-4%
Total Assets	859,578	830,216	29,362	4%
Current Liabilities	27,351	31,246	(3,895)	-13%
Total Liabilities	27,351	31,246	(3,895)	-13%
Net Invested in Capital Assets	665,002	688,951	(23,949)	-4%
Restricted Net Assets	103	0	103	100%
Unrestricted Net Assets	167,122	110,019	57,103	52%
Total Net Assets	832,227	798,970	33,257	4%

**GREENDALE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2009**

5

Total revenues for Fiscal Year Ending March 31, 2009 were \$375,575 as compared to the total revenues for Fiscal Year Ending March 31, 2008 of \$282,998. Comparatively, Fiscal Year Ending 2009 revenues exceeded Fiscal Year Ending 2008 revenues by \$92,577.

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>Percentage Change</u>
Tenant Revenue	141,777	137,776	4,001	3%
HUD Operating Grants	141,090	106,969	34,121	32%
HUD Capital Grants	83,363	27,601	55,762	202%
Investment Income	4,255	5,113	(858)	-17%
Other Revenue	5,090	5,539	(449)	-8%
Total Revenue	<u>375,575</u>	<u>282,998</u>	<u>92,577</u>	<u>33%</u>

Total expenditures for Fiscal Year Ending March 31, 2009 were \$342,318 as compared to \$329,139 of total expenditures for Fiscal Year Ending March 31, 2008. Comparatively, Fiscal Year Ending 2009 expenditures exceeded Fiscal Year Ending 2008 expenditures by \$13,179.

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	61,873	62,395	(522)	-1%
Tenant Services	1,200	1,309	(109)	-8%
Utilities	44,283	42,239	2,044	5%
Maintenance and Operation	102,503	82,050	20,453	25%
General Expense	23,693	23,639	54	0%
Extraordinary Maintenance	0	18,976	(18,976)	-100%
Depreciation Expense	108,766	98,531	10,235	10%
Total Expenses	<u>\$342,318</u>	<u>\$329,139</u>	<u>\$13,179</u>	<u>4%</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

Accumulated Depreciation increased by \$105,903. This is the amount of current year depreciation expense netted against an adjustment to accumulated depreciation related to prior years.

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	104,521	104,520	1	0%
Buildings	1,696,199	1,693,210	2,989	0%
Equipment and furniture	395,575	316,611	78,964	25%
Leasehold Improvements	189,975	189,975	0	0%
Total Fixed Assets	<u>2,386,270</u>	<u>2,304,316</u>	<u>81,954</u>	<u>4%</u>
Accumulated Depreciation	1,721,268	1,615,365	105,903	7%
Net Fixed Assets	<u>665,002</u>	<u>688,951</u>	<u>(23,949)</u>	<u>-4%</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

ASSETS

CURRENT ASSETS

Cash	\$ 131,332
Investments	60,069
Inventory	1,482
Deferred charges	<u>1,590</u>

Total Current Assets \$ 194,473

RESTRICTED ASSETS

Cash	<u>\$ 103</u>
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Total Restricted Cash \$ 103

CAPITAL ASSETS

Land, buildings and equipment	\$ 2,386,270
Less: Accumulated depreciation	<u>-1,721,268</u>

Total Capital Assets \$ 665,002

Total Assets \$ 859,578

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 16,948
Accrued liabilities	10,274
Deferred revenue	<u>129</u>

Total Current Liabilities \$ 27,351

NET ASSETS

Invested in capital assets	\$ 665,002
Restricted net assets	103
Unrestricted net assets	<u>167,122</u>

Total Net Assets \$ 832,227

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Income

Tenant rental revenue	\$ 141,777
Total Rental Income	\$ 141,777
HUD grants - operating	141,090
Other revenue	<u>5,090</u>
Total Operating Income	<u>\$ 287,957</u>

Operating Expenses

Administration	\$ 61,873
Tenant services	1,200
Utilities	44,283
Ordinary maintenance and operation	102,503
General expense	23,693
Depreciation	<u>108,766</u>
Total Operating Expenses	<u>\$ 342,318</u>
Net Operating Income (Loss)	\$ -54,361

Nonoperating Income (Expense)

Interest income	4,255
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Capital Contributions

Capital funds grants	<u>83,363</u>
Changes in net assets	\$ 33,257
Net assets, beginning of year	<u>798,970</u>
Net assets, end of year	<u><u>\$ 832,227</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Activities

Operating grants	\$ 141,090
Tenant revenue	141,487
Other revenue	5,090
Payments to employees	-34,591
Payments to suppliers and contractors	<u>-201,956</u>

Net Cash Provided (Used) by Operating Activities \$ 51,120

Investing Activities

Investments (purchased) redeemed	\$ 10,504
Interest income	<u>4,255</u>

Net Cash Provided (Used) by Investing Activities \$ 14,759

Capital and Related Financing Activities

Capital fund grants	\$ 83,363
(Additions) deletions to fixed assets	<u>-84,817</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -1,454

Net Change in Cash \$ 64,425

Cash Balance at March 31, 2008 67,010

Cash Balance at March 31, 2009 \$ 131,435

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

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

Net operating income (loss)	\$ -54,361
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	108,766
(Increase) decrease in deferred charges	1
(Increase) decrease in inventories	609
Increase (decrease) in accounts payable	1,622
Increase (decrease) in accrued liabilities	450
Increase (decrease) in deferred revenues	<u>-5,967</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 51,120</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

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, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

In practice (not adopted by formal policy), 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 -

Although a formal policy has not been adopted, 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, 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(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, 2009
(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, 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>
Low Rent	\$ 131,332	\$ 133,665
Capital Funds	<u>103</u>	<u>8,575</u>
Total	<u>\$ 131,435</u>	<u>\$ 142,240</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(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>60,069</u>	\$ <u>60,069</u>

Note 3 - Investments

At March 31, 2009 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of deposit	2.87%	\$ <u>60,069</u>	\$ <u>60,069</u>

Note 4 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ <u>1,590</u>
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Note 5 - Fixed Assets

Balance as of March 31, 2009	\$ 665,002
Balance as of March 31, 2008	<u>688,951</u>
Net Increase (Decrease)	<u>\$ -23,949</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 4 - Fixed Assets (Continued)

Reconciliation

Property betterments and additions	\$ 83,363
Replacement of equipment	1,454
Current year depreciation expense	<u>-108,766</u> *
Net Increase (Decrease)	<u>\$ -23,949</u>

<u>Analysis</u>	<u>04/01/2008 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2009 Balance</u>
Land	\$ 104,520	\$ 1	\$ 0	\$ 104,521
Building	1,693,210	2,989	0	1,696,199
Equipment and furniture	316,611	81,828	2,864	395,575
Leasehold improvements	<u>189,975</u>	<u>0</u>	<u>0</u>	<u>189,975</u>
Total Assets	\$ 2,304,316	\$ 84,818	\$ 2,864	\$ 2,386,270
Accumulated depreciation	<u>-1,615,365</u>	<u>2,863</u>	<u>108,766</u> *	<u>-1,721,268</u>
Net Assets	<u>\$ 688,951</u>	<u>\$ 87,681</u>	<u>\$ 111,630</u>	<u>\$ 665,002</u>

*Current year depreciation recognized.

Note 5 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 8,978
Tenants security deposits	<u>7,970</u>
Total	<u>\$ 16,948</u>

Note 6 - Accrued Liabilities

Accrued liabilities consists of the following:

Payment in lieu of taxes	<u>\$ 10,274</u>
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Note 7 - Deferred Revenues

Deferred revenues consist of the following:

Deferred - HUD grants	<u>\$ 129</u>
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(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 - 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 of past three years.

Note 10 - Economic Dependency

The Housing Authority received a significant portion of its revenue (60%) 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, 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:						
Public and Indian Housing	14.850a	C-2079	FYE 03/31/09	\$ <u>129,492</u>	\$ <u>129,492</u>	\$ <u>129,492</u>
Public Housing - Capital Funds	14.872	C-2079	FYE 03/31/09	\$ <u>165,856</u>	\$ <u>94,961</u>	\$ <u>94,961</u>
Total Housing Assistance				\$ <u>295,345</u>	\$ <u>224,453</u>	\$ <u>224,453</u>

*Denotes major program.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P090501-05**

1. The Actual Modernization Costs of Phase IN36P090501-05 are as follows:

Funds approved	\$ 56,155
Funds expended	<u>56,155</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 56,155
Funds expended	<u>56,155</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated March 9, 2009, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P090501-06**

1. The Actual Modernization Costs of Phase IN36P090501-06 are as follows:

Funds approved	\$ 54,209
Funds expended	<u>54,209</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 54,209
Funds expended	<u>54,209</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

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

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

Board of Commissioners
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, 2009, which collectively comprise the Greendale Housing Authority's basic financial statements and have issued my report thereon dated December 15, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered 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 December 15, 2009.

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

Decatur, Illinois
December 15, 2009



Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

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

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Section I - Summary of Auditor's Results

Low Risk Auditee X yes no

Financial Statements

Type of auditor's report: Unqualified

- * Material weakness(es) identified? yes X no
 * Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? yes X no
 * Significant deficiency (ies) identified that are not
 considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: NONE

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 December 15, 2009.

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 December 15, 2009.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Current year HUD subsidy	8020		\$ 10,000.00	2806
Revenue - HUD PHA grants	3401	\$ 46,571.77		2806
Contract costs	4430		2,698.77	2806
Outside management fees	4195		3,180.42	2806
Maintenance labor	4410		1,980.83	2806
Accounting fees	4170		637.50	2806
Maintenance materials	4330	1,461.11		2806
Gas	4330	1,270.54		2806
Casualty losses	4620		18,976.00	2806
Undesignated fund balance	2806		11,829.90	2806
(To correct posting of prior audit adjustments)				
(2)				
Prepaid insurance	1211	\$ 28.86		1211
Insurance expense	4510	3,094.14		2806
Accounts payable - vendor	2111		\$ 203.00	2111
Contract costs	4430		2,920.00	2806
(To reverse PHA's adjusting journal entry)				
(3)				
Deferred revenue - CFP	2118.1		\$ 1.56	2118.1
Invested in fixed assets	2802	\$ 83,362.82		2802
HUD subsidy - capital CFP	8106		83,362.82	2802
HUD subsidy - soft cost CFP	----	1.56		2806
Transfers - CFP	4420	9,255.74		2806
Soft costs - CFP	4430	344.23		2806
Soft costs - CFP	4430	2,000.00		2806
(To correct Capital Funds received and expended)				
(4)				
Transfers - LIPH	----		\$ 9,255.74	n/a
Soft costs - LIPH	4420		344.23	n/a
Soft costs - LIPH	4430		2,000.00	n/a
(To correct subsidy received)				

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

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(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, 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 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. Procurement policy needs to be amended or followed because not all quotes were documented.
2. Petty cash states no single purchase over \$10, but this policy has not been completely followed.

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



Certified Public Accountant

Decatur, Illinois
December 15, 2009