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June 24, 2014

Board of Directors
Marshall County Housing Authority
30 S. Meridian Street, Suite 1000
Indianapolis, IN 46204

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2010 to December 31, 2010. 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 Marshall County Housing Authority, as of December 31, 2010 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

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2010

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Marshall County Housing Authority
Plymouth, Indiana

I have audited the accompanying financial statements of Marshall County Housing Authority, as of and for the year ended December 31, 2010, 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 Marshall County Housing Authority, as of December 31, 2010 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 7, 2011, on my consideration of the Marshall County 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 Marshall County Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Marshall County 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 Marshall County Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois
September 7, 2011



Certified Public Accountant

**MARSHALL COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2010**

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Management's Discussion and Analysis

As management of Marshall County Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Marshall County Housing Authority, P. O. Box 267, Plymouth, Indiana 46563, (574) 936-1835.

Financial Highlights

- The Authority's cash balance at December 31, 2010 was \$140,088 representing a decrease of \$70,816 from December 31, 2009.
- The assets of the Authority did not exceed is liabilities at the close of 2010.
- The Authority had HUD operating grants of \$739,267 and fraud recovery income of \$14,994 for the year ending December 31, 2010.

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 – presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving.
- Statement of Activities - presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
- Statement of Cash Flows – presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

**MARSHALL COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2010**

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2011 that will significantly affect the Authority's Net Assets either positively or negatively.

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets

Total Assets for FYE 2009 was \$223,191 and at FYE 2010 the amount was \$162,784. This represents a net decrease of \$60,407.

Cash decreased by \$70,816 or 34%. Cash decreased because less funds were received from HUD grant.

Other Current Assets increased by \$8,491. This was due to the increased amount of fraud recovery receivable.

Capital Assets increased by \$1,918. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased by \$62,247 or 98%. The major cause of this was due to deferred revenues. In December 2009 PHA received January 2010 funding, in current year funding for 2011 was not disbursed until 2011.

The table below illustrates our analysis:

| | <u>2010</u> | <u>2009</u> | <u>Variances</u> | <u>Percentage Change</u> |
|--------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|
| Cash | 140,088 | 210,904 | (70,816) | -34% |
| Other Current Assets | 15,248 | 6,757 | 8,491 | 126% |
| Capital Assets | 7,448 | 5,530 | 1,918 | 35% |
| Total Assets | <u>162,784</u> | <u>223,191</u> | <u>(60,407)</u> | <u>-27%</u> |
| Current Liabilities | 989 | 63,236 | (62,247) | -98% |
| Noncurrent Liabilities | 0 | 0 | 0 | 0% |
| Total Liabilities | <u>989</u> | <u>63,236</u> | <u>(62,247)</u> | <u>-98%</u> |
| Net Invested in Capital Assets | 7,448 | 5,530 | 1,918 | 35% |
| Restricted Net Assets | 137,571 | 111,783 | 25,788 | 23% |
| Unrestricted Net Assets | 16,776 | 42,642 | (25,866) | -61% |
| Total Net Assets | <u><u>161,795</u></u> | <u><u>159,955</u></u> | <u><u>1,840</u></u> | <u><u>1%</u></u> |

**MARSHALL COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2010**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending December 31, 2010 were as follows:

| <u>Program</u> | <u>Revenues Generated</u> |
|-------------------------|---------------------------|
| Housing Choice Vouchers | \$757,267 |

Total revenues for Fiscal Year Ending December 31, 2010 were \$757,267 as compared to the total revenues for Fiscal Year Ending December 31, 2009 of \$721,007. Comparatively, Fiscal Year Ending 2010 revenues exceeded Fiscal Year Ending 2009 revenues by \$36,260.

| | 2010 | 2009 | Variance | Percentage Change |
|--------------------------------|----------------|----------------|-----------------|--------------------------|
| HUD Operating Grants | 739,267 | 709,506 | 29,761 | 4% |
| Fraud Recovery | 14,994 | 1,256 | 13,738 | 1094% |
| Other Revenue | 3,127 | 10,360 | (7,233) | -70% |
| Gain or Loss on Capital Assets | (121) | (115) | (6) | 5% |
| Total Revenue | 757,267 | 721,007 | 36,260 | 5% |

**MARSHALL COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2010**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2010 were \$754,555 as compared to \$735,540 of total expenditures for Fiscal Year Ending December 31, 2009. Comparatively, Fiscal Year Ending 2010 expenditures exceeded Fiscal Year Ending 2009 expenditures by \$19,015. Changes by major expense category will be presented below.

Administrative expenditures increased by \$7,735 or 8%. The major cause for this increase is the additional staff person added for the full year.

Utilities increased by \$63 or 10%. Electric costs increased.

Maintenance expenditures decreased by \$2,380 due to the new replacement equipment.

Housing Assistance Payments increased by \$4,328 or 1%.

The table below illustrates our analysis:

| | <u>2010</u> | <u>2009</u> | <u>Variance</u> | <u>Percentage Change</u> |
|-----------------------------|-----------------------|-----------------------|----------------------|------------------------------|
| Administrative | 105,638 | 97,903 | 7,735 | 8% |
| Utilities | 685 | 622 | 63 | 10% |
| Maintenance | 0 | 2,380 | (2,380) | -100% |
| General Expense | 7,070 | 154 | 6,916 | 4491% |
| Housing Assistance Payments | 636,911 | 632,583 | 4,328 | 1% |
| Hap Portability-In | 2,915 | 1,154 | 1,761 | 153% |
| Depreciation Expense | 1,336 | 744 | 592 | 80% |
| Total Expenses | <u>754,555</u> | <u>735,540</u> | <u>19,015</u> | <u>3%</u> |

**MARSHALL COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2010**

Analysis of Capital Asset Activity

Furniture, Equipment & Machinery – Administration increased by a net amount \$2,998 or 39%.

Accumulated Depreciation increased by \$1,080 or 48%. This is the amount of current year depreciation expense.

| | 2010 | 2009 | Variance | Percentage Change |
|--|----------------------------|----------------------------|----------------------------|------------------------------|
| Furniture, Equipment, & Machinery - Administrative | <u>10,763</u> | <u>7,765</u> | <u>2,998</u> | <u>39%</u> |
| Total Fixed Assets | <u>10,763</u> | <u>7,765</u> | <u>2,998</u> | <u>39%</u> |
| Accumulated Depreciation | <u>3,315</u> | <u>2,235</u> | <u>1,080</u> | <u>48%</u> |
| Net Fixed Assets | <u><u>7,448</u></u> | <u><u>5,530</u></u> | <u><u>1,918</u></u> | <u><u>35%</u></u> |

Outstanding Debt

The Housing Authority has no outstanding debt for 2010 and 2009.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2010**

ASSETS

CURRENT ASSETS

| | |
|---------------------|--------------|
| Cash | \$ 2,517 |
| Accounts receivable | 11,785 |
| Inventory | 363 |
| Deferred charges | <u>3,100</u> |

Total Current Assets \$ 17,765

RESTRICTED ASSETS

| | |
|------|-------------------|
| Cash | \$ <u>137,571</u> |
|------|-------------------|

Total Restricted Assets \$ 137,571

CAPITAL ASSETS

| | |
|--------------------------------|---------------|
| Land, buildings and equipment | \$ 10,763 |
| Less: Accumulated depreciation | <u>-3,315</u> |

Total Capital Assets \$ 7,448

Total Assets \$ 162,784

LIABILITIES

CURRENT LIABILITIES

| | |
|------------------|---------------|
| Accounts payable | \$ <u>989</u> |
|------------------|---------------|

Total Current Liabilities \$ 989

NET ASSETS

| | |
|----------------------------|---------------|
| Invested in capital assets | \$ 7,448 |
| Restricted | 137,571 |
| Unrestricted | <u>16,776</u> |

Total Net Assets \$ 161,795

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2010**

Operating Income

| | |
|--|-------------------|
| HUD grants - operating | \$ 739,267 |
| Fraud recovery | 14,994 |
| Other revenue | 3,127 |
| Gain or loss on sale of capital assets | <u>-121</u> |
| Total Operating Income | <u>\$ 757,267</u> |

Operating Expenses

| | |
|-----------------------------|-------------------|
| Administration | \$ 105,638 |
| Utilities | 685 |
| General expense | 7,070 |
| Housing assistance payments | 639,826 |
| Depreciation | <u>1,336</u> |
| Total Operating Expenses | <u>\$ 754,555</u> |

Net Operating Income (Loss) \$ 2,712

| | |
|-------------------------------|-------------|
| Changes in net assets | \$ 2,712 |
| Net assets, beginning of year | 159,955 |
| Prior period adjustments | <u>-872</u> |

Net assets, end of year \$ 161,795

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2010**

Operating Activities

| | |
|---------------------------------------|----------------|
| Operating grants | \$ 679,118 |
| Other revenue | 18,121 |
| Housing assistance payments | -639,826 |
| Payments to employees | -60,192 |
| Payments to suppliers and contractors | <u>-64,783</u> |

Net Cash Provided (Used) by Operating Activities \$ -67,562

Capital and Related Financing Activities

(Additions) deletions to fixed assets \$ -3,254

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -3,254

Net Change in Cash \$ -70,816

Cash Balance at December 31, 2009 210,904

Cash Balance at December 31, 2010 \$ 140,088

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2010**

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

| | |
|---|-------------------|
| Net operating income (loss) | \$ 2,712 |
| Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities: | |
| Depreciation | 1,336 |
| Adjustment to net assets | -872 |
| (Increase) decrease in accounts receivable | -8,354 |
| (Increase) decrease in deferred charges | -137 |
| Increase (decrease) in accounts payable | -3,289 |
| Increase (decrease) in deferred revenue | <u>-58,958</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ -67,562</u> |

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Marshall County 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.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Housing Choice Vouchers

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the practice of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) 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 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) nonexpendable equipment, and
- 2) property betterments and additions

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:

| | | |
|------------------------|------|-------|
| Furniture and fixtures | 5-10 | years |
|------------------------|------|-------|

(g) Net Assets -

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

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

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) Income Tax -

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

(I) Annual Contributions/Subsidies and Other Grants

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

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

(k) 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 \$250,000 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.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk

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

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

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

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

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

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> |
|----------------|---------------------|---------------------|
| Cash | <u>\$ 140,088</u> | <u>\$ 140,088</u> |

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 3 - Accounts Receivable

Accounts receivable consists of the following accounts:

| | |
|---------------------------|------------------|
| Accounts receivable - HUD | \$ 1,763 |
| Fraud recovery (net) | 7,957 |
| HABCO Trust | <u>2,065</u> |
| Subtotal | <u>\$ 11,785</u> |

Note 4 - Deferred Charges

This classification includes the following:

| | |
|------------------------|-----------------|
| Prepaid insurance | \$ 412 |
| Other prepaid expenses | <u>2,688</u> |
| Total | <u>\$ 3,100</u> |

Note 5 - Fixed Assets

| | |
|---------------------------------|-----------------|
| Balance as of December 31, 2010 | \$ 7,448 |
| Balance as of December 31, 2009 | <u>5,530</u> |
| Net Increase (Decrease) | <u>\$ 1,918</u> |

Reconciliation

| | |
|------------------------------------|-----------------|
| Property betterments and additions | \$ 3,375 |
| Disposals | -121 |
| Current year depreciation expense | <u>-1,336</u> * |
| Net Increase (Decrease) | <u>\$ 1,918</u> |

| <u>Analysis</u> | <u>01/01/2010 Balance</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>12/31/2010 Balance</u> |
|--------------------------|-------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Equipment and furniture | \$ 7,765 | \$ 3,375 | \$ 377 | \$ 10,763 |
| Accumulated depreciation | <u>-2,235</u> | <u>-1,336</u> * | <u>-256</u> | <u>-3,315</u> |
| Net Assets | <u>\$ 5,530</u> | <u>\$ 2,039</u> | <u>\$ 121</u> | <u>\$ 7,448</u> |

* Current year depreciation expense recognized.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2010
(CONTINUED)**

Note 6 - Accounts Payable

This classification includes the following accounts:

| | |
|-------------------------|---------------|
| Vendors and contractors | <u>\$ 989</u> |
|-------------------------|---------------|

Note 7 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on an annual basis.

Note 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 Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

| | |
|-----------------------------------|---------------|
| Adjustment to accounts receivable | <u>\$ 872</u> |
|-----------------------------------|---------------|

Note 10 - Risk Management

The Housing Authority carries fidelity bond insurance coverage to cover exposure and the risk of losses related to thefts.

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

Note 11 - Economic Dependency

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

SUPPLEMENTAL DATA

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010**

| <u>Federal Grantor/Program</u> | <u>Federal CFDA Number</u> | <u>Grant Period</u> | <u>Program Amount</u> | <u>Receipts or Revenue Recognized</u> | <u>Disbursements/ Expenditures</u> |
|------------------------------------|------------------------------------|-------------------------|---------------------------|---|--|
| <u>U.S. Department of HUD</u> | | | | | |
| Direct Programs: | | | | | |
| Housing Choice Voucher Program* | 14.871 | FYE 12/31/10 | <u>\$ 739,267</u> | <u>\$ 739,267</u> | <u>\$ 739,267</u> |
| Total Housing Assistance | | | <u>\$ 739,267</u> | <u>\$ 739,267</u> | <u>\$ 739,267</u> |

*Denotes major program.

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

Board of Commissioners
Marshall County Housing Authority
Plymouth, Indiana

I have audited the financial statements of Marshall County Housing Authority as of and for the year ended December 31, 2010, and have issued my report thereon dated September 8, 2011. 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 Marshall County 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 Marshall County Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Marshall County Housing Authority's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Marshall County Housing Authority in a separate letter dated September 8, 2011.

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

Decatur, Illinois
September 8, 2011



Certified Public Accountant

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

Board of Commissioners
Marshall County Housing Authority
Plymouth, Indiana

Compliance

I have audited Marshall County Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Marshall County Housing Authority's major federal programs for the year ended December 31, 2010. Marshall County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Marshall County Housing Authority's management. My responsibility is to express an opinion on Marshall County Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marshall County Housing Authority's compliance with those requirement and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Marshall County Housing Authority's compliance with those requirements.

In my opinion, except for the noncompliance described in the preceding paragraph, Marshall County Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items (2010-1).

Internal Control Over Compliance

Management of Marshall County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Marshall County Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Marshall County Housing Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be *material weaknesses*, as defined above. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items (2010-4). A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Decatur, Illinois
September 8, 2011


Certified Public Accountant

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2009 contained one finding.

Finding 2009-1: Incomplete Section 8 Participant Files

HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). While many of these problems were corrected some problems still exist. This finding continues.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes X_____ no

* Significant deficiency (ies) identified? _____ 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? X_____ yes _____ none reported

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.871 | Housing Choice Voucher Program |

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X_____ no

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

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

Section II - Financial Statement Findings

There were no financial statement audit findings were discussed with G. Dean Byers, Executive Director, and other employees of the agency during the course of the audit and at an exit conference held September 8, 2011.

Section III - Federal Award Findings

There was one federal award audit findings were discussed with G. Dean Byers, Executive Director, and other employees of the agency during the course of the audit and at an exit conference held September 8, 2011.

Finding 2010-1: Incomplete Section 8 Participant Files

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During my current year test of participant eligibility (40 files examined) I noted incomplete documentation and incorrect calculations of HAP as follows: (a) anticipated medical expenses (spend down) was not confirmed as actually being an out of pocket expense (b) anticipated income was calculated incorrectly based on the information in the file (c) one file PHA used wrong payment standard (d) PHA is granting rent increases without justifications from landlords.

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

Cause: Adequate quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant

Auditor's Recommendation: I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility and exemptions. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Administrative Plan and that they are trained in the proper procedures for applying those policies and HUD regulations. The Section 8 Administrative Plan should be reviewed to determine that it is up to date and that all intake staff are familiar with the requirements contained in the Plan.

Grantee Response: Current staff received training subsequent to the end of the fiscal year, however many of the comments relate to files completed prior to the training. The current Admin Plan will be reviewed and additional quality assurance reviews will be conducted to determine that the policies are being adhered to in the future.

**MARSHALL COUNTY HOUSING AUTHORITY
PLYMOUTH, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2010**

| <u>Voucher</u> | <u>Audit Account Number</u> | <u>Debit</u> | <u>Credit</u> | <u>Posting Account Number</u> |
|---|---------------------------------|--------------|---------------|-----------------------------------|
| (1) | | | | |
| Accounts receivable - HUD | 1125 | \$ 1,429.00 | | 1125 |
| Revenue - HUD admin | 3410.05 | | \$ 1,429.00 | 2810.002 |
| (To record final 2010 admin fee adjustment per HUD funding exhibit) | | | | |
| (2) | | | | |
| Accounts receivable - fraud recovery | 1121 | | \$ 872.00 | 1121 |
| Prior period adjustment | ---- | \$ 872.00 | | 2810.002 |
| (To reclassify amount in fraud recovery from prior year) | | | | |

Marshall County Housing Authority (IN103)

Plymouth, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

| | 14,871 Housing Choice Vouchers | Subtotal | Total |
|---|-----------------------------------|-----------|-----------|
| 111 Cash - Unrestricted | \$2,517 | \$2,517 | \$2,517 |
| 112 Cash - Restricted - Modernization and Development | | | |
| 113 Cash - Other Restricted | \$137,571 | \$137,571 | \$137,571 |
| 114 Cash - Tenant Security Deposits | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | |
| 100 Total Cash | \$140,088 | \$140,088 | \$140,088 |
| 121 Accounts Receivable - PHA Projects | | | |
| 122 Accounts Receivable - HUD Other Projects | \$1,763 | \$1,763 | \$1,763 |
| 124 Accounts Receivable - Other Government | | | |
| 125 Accounts Receivable - Miscellaneous | \$2,065 | \$2,065 | \$2,065 |
| 126 Accounts Receivable - Tenants | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | |
| 128 Fraud Recovery | \$11,106 | \$11,106 | \$11,106 |
| 128.1 Allowance for Doubtful Accounts - Fraud | -\$3,149 | -\$3,149 | -\$3,149 |
| 129 Accrued Interest Receivable | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$11,785 | \$11,785 | \$11,785 |
| 131 Investments - Unrestricted | | | |
| 132 Investments - Restricted | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | |
| 142 Prepaid Expenses and Other Assets | \$3,100 | \$3,100 | \$3,100 |
| 143 Inventories | \$363 | \$363 | \$363 |
| 143.1 Allowance for Obsolete Inventories | \$0 | \$0 | \$0 |
| 144 Inter Program Due From | | | |
| 145 Assets Held for Sale | | | |
| 150 Total Current Assets | \$155,336 | \$155,336 | \$155,336 |
| 161 Land | | | |
| 162 Buildings | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | | |
| 164 Furniture, Equipment & Machinery - Administration | \$10,763 | \$10,763 | \$10,763 |
| 165 Leasehold Improvements | | | |
| 166 Accumulated Depreciation | -\$3,315 | -\$3,315 | -\$3,315 |
| 167 Construction in Progress | | | |
| 168 Infrastructure | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$7,448 | \$7,448 | \$7,448 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | |
| 173 Grants Receivable - Non Current | | | |
| 174 Other Assets | | | |
| 176 Investments in Joint Ventures | | | |
| 180 Total Non-Current Assets | \$7,448 | \$7,448 | \$7,448 |
| 190 Total Assets | \$162,784 | \$162,784 | \$162,784 |

Marshall County Housing Authority (IN103)

Plymouth, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

| | 14,871 Housing Choice Vouchers | Subtotal | Total |
|---|-----------------------------------|-----------|-----------|
| 311 Bank Overdraft | | | |
| 312 Accounts Payable <= 90 Days | \$989 | \$989 | \$989 |
| 313 Accounts Payable >90 Days Past Due | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | |
| 322 Accrued Compensated Absences - Current Portion | | | |
| 324 Accrued Contingency Liability | | | |
| 325 Accrued Interest Payable | | | |
| 331 Accounts Payable - HUD PHA Programs | | | |
| 332 Account Payable - PHA Projects | | | |
| 333 Accounts Payable - Other Government | | | |
| 341 Tenant Security Deposits | | | |
| 342 Deferred Revenues | | | |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | |
| 345 Other Current Liabilities | | | |
| 346 Accrued Liabilities - Other | | | |
| 347 Inter Program - Due To | | | |
| 348 Loan Liability - Current | | | |
| 310 Total Current Liabilities | \$989 | \$989 | \$989 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | |
| 353 Non-current Liabilities - Other | | | |
| 354 Accrued Compensated Absences - Non Current | | | |
| 355 Loan Liability - Non Current | | | |
| 356 FASB 5 Liabilities | | | |
| 357 Accrued Pension and OPEB Liabilities | | | |
| 350 Total Non-Current Liabilities | \$0 | \$0 | \$0 |
| 300 Total Liabilities | \$989 | \$989 | \$989 |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$7,448 | \$7,448 | \$7,448 |
| 509.2 Fund Balance Reserved | | | |
| 511.2 Unreserved, Designated Fund Balance | | | |
| 511.1 Restricted Net Assets | \$137,571 | \$137,571 | \$137,571 |
| 512.1 Unrestricted Net Assets | \$16,776 | \$16,776 | \$16,776 |
| 512.2 Unreserved, Undesignated Fund Balance | | | |
| 513 Total Equity/Net Assets | \$161,795 | \$161,795 | \$161,795 |
| 600 Total Liabilities and Equity/Net Assets | \$162,784 | \$162,784 | \$162,784 |

Marshall County Housing Authority (IN103)
Plymouth, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

| | 14.871 Housing Choice Vouchers | Subtotal | Total |
|---|-----------------------------------|-----------|-----------|
| 70300 Net Tenant Rental Revenue | | | |
| 70400 Tenant Revenue - Other | | | |
| 70500 Total Tenant Revenue | \$0 | \$0 | \$0 |
| 70600 HUD PHA Operating Grants | \$739,267 | \$739,267 | \$739,267 |
| 70610 Capital Grants | | | |
| 70710 Management Fee | | | |
| 70720 Asset Management Fee | | | |
| 70730 Book Keeping Fee | | | |
| 70740 Front Line Service Fee | | | |
| 70750 Other Fees | | | |
| 70700 Total Fee Revenue | | | |
| 70800 Other Government Grants | | | |
| 71100 Investment Income - Unrestricted | | | |
| 71200 Mortgage Interest Income | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | |
| 71310 Cost of Sale of Assets | | | |
| 71400 Fraud Recovery | \$14,994 | \$14,994 | \$14,994 |
| 71500 Other Revenue | \$3,127 | \$3,127 | \$3,127 |
| 71600 Gain or Loss on Sale of Capital Assets | -\$121 | -\$121 | -\$121 |
| 72000 Investment Income - Restricted | | | |
| 70000 Total Revenue | \$757,267 | \$757,267 | \$757,267 |
| 91100 Administrative Salaries | \$57,039 | \$57,039 | \$57,039 |
| 91200 Auditing Fees | \$4,160 | \$4,160 | \$4,160 |
| 91300 Management Fee | | | |
| 91310 Book-keeping Fee | | | |
| 91400 Advertising and Marketing | | | |
| 91500 Employee Benefit contributions - Administrative | \$4,842 | \$4,842 | \$4,842 |
| 91600 Office Expenses | \$20,511 | \$20,511 | \$20,511 |
| 91700 Legal Expense | | | |
| 91800 Travel | \$2,226 | \$2,226 | \$2,226 |
| 91810 Allocated Overhead | | | |
| 91900 Other | \$16,860 | \$16,860 | \$16,860 |
| 91000 Total Operating - Administrative | \$105,638 | \$105,638 | \$105,638 |
| 92000 Asset Management Fee | | | |
| 92100 Tenant Services - Salaries | | | |
| 92200 Relocation Costs | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | |
| 92400 Tenant Services - Other | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 |

Marshall County Housing Authority (IN103)
Plymouth, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

| | 14.871 Housing Choice Vouchers | Subtotal | Total |
|---|-----------------------------------|-----------|-----------|
| 93100 Water | | | |
| 93200 Electricity | \$685 | \$685 | \$685 |
| 93300 Gas | | | |
| 93400 Fuel | | | |
| 93500 Labor | | | |
| 93600 Sewer | | | |
| 93700 Employee Benefit Contributions - Utilities | | | |
| 93800 Other Utilities Expense | | | |
| 93000 Total Utilities | \$685 | \$685 | \$685 |
| 94100 Ordinary Maintenance and Operations - Labor | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | | |
| 94300 Ordinary Maintenance and Operations Contracts | | | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | |
| 94000 Total Maintenance | \$0 | \$0 | \$0 |
| 95100 Protective Services - Labor | | | |
| 95200 Protective Services - Other Contract Costs | | | |
| 95300 Protective Services - Other | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 |
| 96110 Property Insurance | | | |
| 96120 Liability Insurance | | | |
| 96130 Workmen's Compensation | \$345 | \$345 | \$345 |
| 96140 All Other Insurance | \$154 | \$154 | \$154 |
| 96100 Total insurance Premiums | \$499 | \$499 | \$499 |
| 96200 Other General Expenses | \$269 | \$269 | \$269 |
| 96210 Compensated Absences | \$3,153 | \$3,153 | \$3,153 |
| 96300 Payments in Lieu of Taxes | | | |
| 96400 Bad debt - Tenant Rents | | | |
| 96500 Bad debt - Mortgages | | | |
| 96600 Bad debt - Other | \$3,149 | \$3,149 | \$3,149 |
| 96800 Severance Expense | | | |
| 96000 Total Other General Expenses | \$6,571 | \$6,571 | \$6,571 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | |
| 96730 Amortization of Bond Issue Costs | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$113,393 | \$113,393 | \$113,393 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$643,874 | \$643,874 | \$643,874 |

Marshall County Housing Authority (IN103)
Plymouth, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2010

| | 14.871 Housing Choice Vouchers | Subtotal | Total |
|---|-----------------------------------|-----------|-----------|
| 97100 Extraordinary Maintenance | | | |
| 97200 Casualty Losses - Non-capitalized | | | |
| 97300 Housing Assistance Payments | \$636,911 | \$636,911 | \$636,911 |
| 97350 HAP Portability-In | \$2,915 | \$2,915 | \$2,915 |
| 97400 Depreciation Expense | \$1,336 | \$1,336 | \$1,336 |
| 97500 Fraud Losses | | | |
| 97600 Capital Outlays - Governmental Funds | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | |
| 97800 Dwelling Units Rent Expense | | | |
| 90000 Total Expenses | \$754,555 | \$754,555 | \$754,555 |
| 10010 Operating Transfer In | | | |
| 10020 Operating transfer Out | | | |
| 10030 Operating Transfers from/to Primary Government | | | |
| 10040 Operating Transfers from/to Component Unit | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | |
| 10060 Proceeds from Property Sales | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | |
| 10080 Special Items (Net Gain/Loss) | | | |
| 10091 Inter Project Excess Cash Transfer In | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | |
| 10093 Transfers between Program and Project - In | | | |
| 10094 Transfers between Project and Program - Out | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$2,712 | \$2,712 | \$2,712 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$159,955 | \$159,955 | \$159,955 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | -\$872 | -\$872 | -\$872 |
| 11050 Changes in Compensated Absence Balance | | | |
| 11060 Changes in Contingent Liability Balance | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | |
| 11170 Administrative Fee Equity | \$24,224 | \$24,224 | \$24,224 |
| 11180 Housing Assistance Payments Equity | \$137,571 | \$137,571 | \$137,571 |
| 11190 Unit Months Available | 1908 | 1908 | 1908 |
| 11210 Number of Unit Months Leased | 2052 | 2052 | 2052 |
| 11270 Excess Cash | | | |
| 11610 Land Purchases | | | |
| 11620 Building Purchases | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | | | |
| 11640 Furniture & Equipment - Administrative Purchases | | | |
| 11650 Leasehold Improvements Purchases | | | |
| 11660 Infrastructure Purchases | | | |
| 13510 CFFP Debt Service Payments | | | |
| 13901 Replacement Housing Factor Funds | | | |

Board of Commissioners
Marshall County Housing Authority
Plymouth, Indiana

In planning and performing my audit of the financial statements of Marshall County Housing Authority as of and for the year ended December 31, 2010, 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 Marshall County Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Marshall County 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.

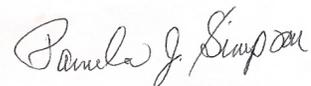
Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the 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 is reminded that HUD requires depository accounts of the agency to be interest bearing. It was noted that a new account was opened subsequent to the fiscal year. In the future if the agency has excess funds that are not needed for immediate cash flow needs, the fund should be invested in interest bearing accounts that will maximize earnings.

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

Decatur, Illinois
September 8, 2011



Certified Public Accountant