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May 14, 2009

Board of Commissioners
Housing Authority of the City of Marion
601 S. Adams St.
Marion, IN 46953-2042

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period July 1, 2006 to June 30, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Marion, as of June 30, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**HOUSING AUTHORITY
OF THE CITY OF MARION
MARION, INDIANA**

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

TWELVE MONTHS ENDED JUNE 30, 2007

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Directors
Housing Authority of the City of Marion
Marion, Indiana

I have audited the accompanying financial statements of Housing Authority of the City of Marion, as of and for the year ended June 30, 2007, 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 Housing Authority of the City of Marion, as of June 30, 2007 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 February 15, 2008, on my consideration of the Housing Authority of the City of Marion'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 15, 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 Housing Authority of the City of Marion, 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 Housing Authority of the City of Marion. 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 Housing Authority of the City of Marion. 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
February 15, 2008


Certified Public Accountant

HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007



Mission

As stewards of public funds and trust, the Marion Housing Authority will provide safe, decent, affordable housing opportunities through public and private partnerships, while serving all customers with respect. (2005-2009 Agency Plan)

The Marion Housing Authority owns and manages 100 low income family units, 170 elderly/disabled units, 421 Section 8 vouchers, 98 Section 8 New Construction units, 25 Affordable Housing units, 51 market rate units, which also include commercial retail space. The Authority manages 8 Affordable Housing units and 36 Tax Credit, all single-family, units. The Authority also manages a Family Self-Sufficiency (FSS) program under Section 8 and receives Capital Fund Program (CFP) grants.

As management of the Housing Authority of Marion, Indiana, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2007. 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 Authority's Executive Director or the Chief Financial Officer at (765) 664-5194 or mha@marionha.com.

Financial Highlights

In addition to the following highlights, more descriptive explanation of the following items is provided later in this report.

- The assets of the Authority exceeded its liabilities as of June 30, 2007 by \$11,144,408 (net assets). This was a decrease of \$121,975 from \$11,266,383 as of June 30, 2006. This is a decrease of 1%.
- The Authority's cash balance as of June 30, 2007 was \$944,869, representing an increase of \$255,938, or 37%, from June 30, 2006. However, Unrestricted investments as of June 30, 2007, were \$1,015,420, a 14% decrease from June 30, 2006 unrestricted investment balance of \$1,178,832.
- Total fixed assets, net of accumulated depreciation, decreased by 3% from \$11,097,954 as of June 30, 2006 to \$10,722,266 as of June 30, 2007. Fixed assets increased by \$199,486, but the depreciation increased by \$575,174, causing the net 3% decrease. Related current and long-term debt decreased from \$2,346,246 as of June 30, 2006 to \$2,146,064 as of June 30, 2007 (decrease of 9%).

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

- The Authority had received HUD grant revenues of \$2,401,172 for operations and \$188,593 of capital grants for the fiscal year ended June 30, 2007. This represents a net decrease of \$64,914, or 2% from fiscal year ended June 30, 2006.
- Total tenant revenue increased from \$1,195,916 in 2006 to \$1,452,024 in 2007, or by 21%.
- Total revenue increased from \$3,980,296 in 2006 to \$4,215,390 in 2007, or by 6% overall.
- Total Operating Expenses increased from \$4,206,737 to \$4,381,500, which is an increase of \$174,763, or 48%, from 2006 to 2007. From 2005 to 2006, the net increase was \$235,821, or 14%.
- Excess Operating Revenue over Operating Expenses increased by \$60,331, or 27% from 2006 to 2007. From 2005 to 2006, this difference was a decrease of \$112,342, or by 6%.

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.
- *Comparison of budget vs. actual* – reports the Authority’s actual operating revenues and expenses versus the budgeted amounts.

Readers of the Authority’s financial statements would question whether the Authority is more financially stable as a result of the year’s activities as compared to previous years. It is the opinion of the Authority’s management that significant improvements, both in the financial and operational areas, have been achieved in fiscal year 2007.

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with the determination that the Authority has operated efficiently. This analysis includes all assets and liabilities using the accrual basis of accounting, which is a Generally Accepted Accounting Principle (GAAP) used by most private sector companies. Accrual of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. This analysis also reflects the Authority’s net assets and changes in them. The Authority’s net assets are the differences between what the Authority owns (assets) and what the Authority owes (liabilities) as one way to measure the Authority’s financial health. Net assets is further classified as being invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets. Unrestricted net assets are available for obligations where operations cannot provide.

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

Over time, changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. Readers need to consider other non-financial factors, such as changes in family/tenant composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets to assess the overall health of the Authority.

The Marion, Indiana and Grant County economy suffered greatly in 2004 with the closure of several manufacturing firms. Many of the Authority's clients lost employment and household income, which will eventually result in a decrease in tenant revenue and an increase in Housing Assistance Payments (HAP). While the local economy is gradually recovering and some large employers are investing in the community, thus offering more jobs, the rebuilding period from such devastation requires more time than the three years that have passed since 2004.

Statement of Net Assets

Total Assets for FYE 2007 were \$14,122,950, FYE 2006 was \$14,303,889 and FYE 2005 was \$13,348,312. This represents a net decrease of \$180,939, or 1% from 2006 to 2007. Areas representing this difference are:

Cash – The cash position of the Authority increased by \$255,938, or 37% during FYE 2007. Cash held on hand at June 30, 2007 was \$944,869 and at June 30, 2006 was \$688,931.

Other Current Assets and Capital Assets – The Authority's current assets at June 30, 2007, totaled \$3,138,931 (\$2,730,198 net of Interprogram-related funds) and were \$2,847,354 (\$2,567,309 net of receivables due from Interprogram funds) at June 30, 2006. The increase related to an offsetting decrease in invested funds and a positive cash flow realized from operations.

Capital Assets, net of accumulated depreciation, were \$10,722,266 as of June 30, 2007, and \$11,097,954 as of June 30, 2006. The net capital assets increased in value by \$199,486. This is primarily due a purchase of 2 market-rate units and commercial property and the transfer of capital fund assets to Public Housing. Accumulated depreciation decreased the net value of assets by \$575,174 during 2007.

Non-Current Assets – The Authority's non-current assets (excluding capital assets) at June 30, 2007 were \$246,753 and were \$358,581 as of June 30, 2006. In 2001, the Authority loaned \$116,000 to Springhill of Marion, L.P. to assist in the development of the 36-unit tax credit project. Principle and interest is scheduled for annual payments over a seven-year period. The total amount due on the note as of June 30, 2007 was \$21,478, with \$7,346 considered current (payable each December). [Note: This loan was paid in full to the Marion Housing Authority on August 2, 2007]

A receivable in the amount of \$100,000 from the Authority's previous component unit, (a not-for-profit agency), Affordable Housing Corporation is included as a non-current asset under the Low Rent Public Housing program. The Authority is working with HUD and legal counsel in order to recapture these funds.

HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007

Also included in the non-current assets are education loans to employees totaling \$2,292.52. The Authority will assist its employees in additional education that will be beneficial to their position or promotion within the agency. The Authority currently has only one employee using this opportunity to complete their Bachelor's Degree. There are strict stipulations in grades received as well as pay back structure should the employee leave the Authority within three years after receipt of their degree or certification.

Total Liabilities for FYE 2007 were \$2,978,542 (\$2,569,809 net of payable due to Interprogram funds) and at FYE 2006 were \$3,037,506 (\$2,757,461 net of payable due to Interprogram funds). This represents a decrease of \$58,964. Areas related to this increase are:

Current Liabilities – The Authority's current liabilities as of June 30, 2007 totaled \$548,219, net of Interfund payments due, and were \$513,722, net of Interfund payments due, as of June 30, 2006. Current liabilities consists of accounts payable less than 90 days, accrued wages, current portion of accrued compensated absences, interest payable and current portion of principle due on financed property and a bond indenture for the Section 8 New Construction site, accounts payable to HUD and other programs, and tenant security deposits. The current portion of long-term debt on financed properties and the Section 8 New Construction bond increased by \$12,388 as of June 30, 2007.

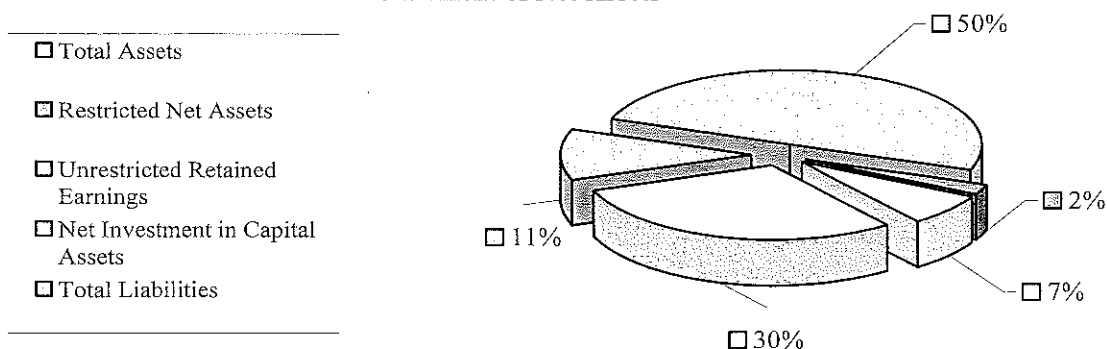
Long-term Liabilities – The Authority's long-term liabilities as of June 30, 2007, totaled \$2,021,590. As of June 30, 2006, long-term liabilities were \$2,243,739. The Authority's long-term liabilities decreased by \$222,149. Long-term debt of the Authority consists of a bond indenture with The Bank of New York (formally JP Morgan Trust) for the Section 8 New Construction property, mortgages on an affordable housing project and the May 2005 purchased 49-unit market rate development, and a loan on the 2-unit and commercial space property, and the non-current portion of accrued compensated absences. Principle payments are made on the Bond Fund annually each October. The affordable housing development known as Thomas Jefferson Homes and the market rate development known as Parkville Apartments and the market rate/commercial property known as Campus Corner are mortgaged separately with a local financial institution with monthly principal and interest payments.

Capital/Net Assets – As capital assets are depreciated, they will be expensed through Net Investment in Capital Assets. The Unrestricted Retained Earnings balance represents what the Authority has available for obligations if revenue from operations is not sufficient. The Authority has \$1,832,140 available as unrestricted funds as of June 30, 2007. This is a decrease from \$1,919,244 as of June 30, 2006, or 5%.

HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007

	2007	2006	Net Change
Cash	944,869	688,931	255,938
Other Current Assets	1,785,329	1,878,378	(93,049)
Interfunds	408,733	280,045	128,688
Capital Assets, net of depreciation	10,722,266	11,097,954	(375,688)
Non-Current Assets	261,753	358,581	(96,828)
Total Assets	14,122,950	14,303,889	(180,939)
Current Liabilities	548,219	513,722	34,497
Interfunds	408,733	280,045	128,688
Long-Term Liabilities	2,021,590	2,243,739	(222,149)
Total Liabilities	2,978,542	3,037,506	(58,964)
Net Investment in Capital Assets	8,576,202	8,751,708	(175,506)
Restricted Net Assets	736,066	595,431	140,635
Unrestricted Retained Earnings	1,832,140	1,919,244	(87,104)
Total Net Assets	11,144,408	11,266,383	(121,975)
Total Liabilities and Net Assets	14,122,950	14,303,889	(180,939)

Statement of Net Assets

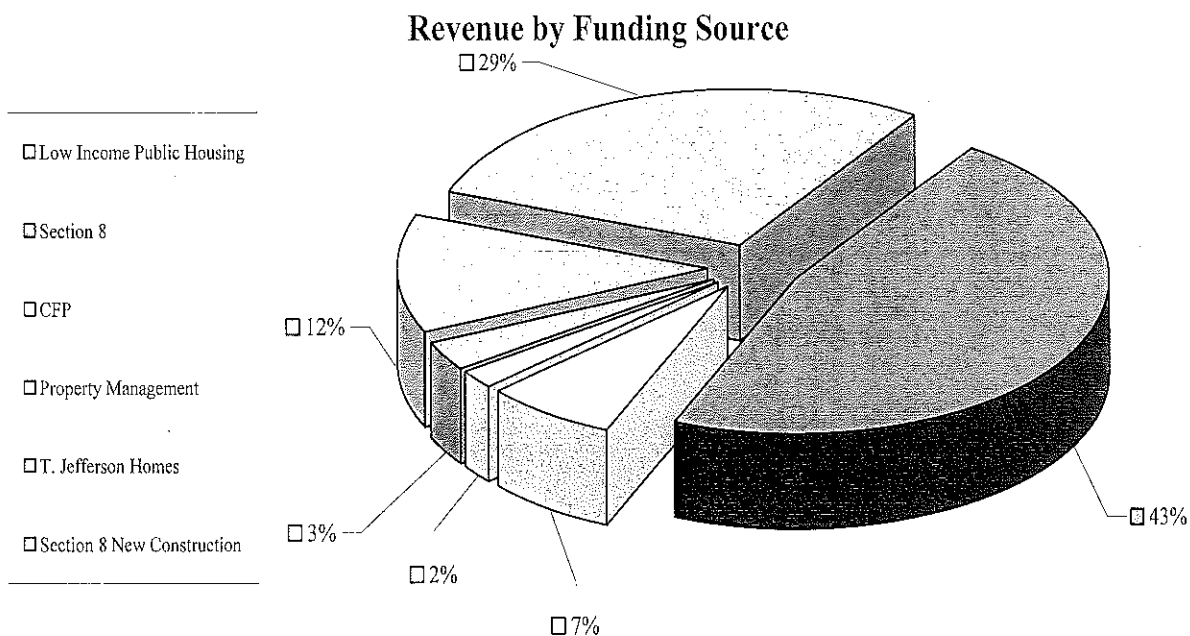


**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

Statement of Activities

The Authority administers the following programs and the revenues generated from these programs during FYE 2007 were as follows:

Low Income Public Housing	\$	1,145,646
Section 8		
Vouchers	\$	1,845,917
New Construction		494,155
Total Section 8		2,340,072
Capital Grants		284,497
Business Activities, State, Local		
Property Management/Market units	\$	318,622
T. Jefferson Homes		126,553
Total Non-HUD Activities		445,175
Total Revenues	<u>\$</u>	<u>4,215,390</u>



**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

In FYE 2006 and FYE 2007, total revenues were \$3,980,296 and \$4,215,390, respectively. The increase of \$235,094 in the Authority's revenues was due to a combination of factors. Tenant revenue reflected an increase of \$256,108 over FYE 2006. HUD Operating grants decreased by \$63,515 and HUD Capital Grants decreased by \$1,399 from FYE 2006 to FYE 2007.

Administrative salaries reflected a slight increase of \$3,445 from FYE 2006 to FYE 2007. Due to the implementation of Asset-Based Management, the agency reorganized several positions as positions became available.

Utility expenses for FYE 2007 increased by 6% overall. The largest portion of the increase was for water. In 2006, the City of Marion instituted a substantial rate increase for water and sewer expenses.

Maintenance labor decreased in FYE 2007 by \$26,712, or 10%, under FYE 2006. The Authority continues to contract out work related to painting and seasonal labor in lieu of full-time employment staffing. The PHA also continued Protective Services positions to the part-time staff. The Authority has allotted 40 hours per week for protective services by sworn in officers of the Marion Police Department. Two individuals shared these hours during FYE 2007 and increased labor expenses by \$3,875.

The insurance premiums (commercial, property, liability) for the Authority experienced a 19% decrease from FYE 2006 to FYE 2007. One major claim was filed during FYE 2007 due to a fire. The Authority paid out \$157,126 and \$127,491 for insurance during FYE 2006 and FYE 2007, respectively.

The table on the following page illustrates the changes in the income statement.

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

	2007	2006	Net Change
Tenant Rental Revenue	\$ 1,452,024	\$ 1,195,916	\$ 256,108
Public Housing Subsidy	472,994	509,990	(36,996)
Section 8 Subsidy	1,832,274	1,861,109	(28,835)
Other HUD funding	95,904	93,588	2,316
Interest Income	106,538	78,529	28,009
Other Revenue	67,063	51,172	15,891
Total Operating Revenue	\$ 4,026,797	\$ 3,790,304	\$ 236,493
Operating Expenses			
Administrative	851,384	710,690	140,694
Tenant Services	63,813	83,273	(19,460)
Utilities	260,904	246,946	13,958
Maintenance			
Labor	359,887	371,239	(11,352)
Materials	78,083	109,543	(31,460)
Contract Costs	52,239	70,792	(18,553)
Extraordinary Maintenance	168,606	23,362	145,244
Protective Services	17,681	13,806	3,875
Housing Assistance Payments	1,560,865	1,727,293	(166,428)
Other Operating Expenses			
Insurance Premiums	127,491	157,126	(29,635)
Payments in Lieu of Taxes	94,758	61,012	33,746
Bad Debt Expense	16,869	12,433	4,436
Interest Expense	128,964	86,964	42,000
Grant Expenditures	-	-	-
Casualty Losses - Non-Capitalized	10,342	676	
Other General Expense	10,495	3,078	7,417
Depreciation	579,119	528,504	50,615
Total Operating Expenses	\$ 4,381,500	\$ 4,206,737	\$ 174,763
Operating Income (Loss)	\$ (354,703)	\$ (416,433)	\$ 61,730
Capital Grants Received	188,593	189,992	(1,399)
Prior Period Adjustments	44,135	(223)	44,358
Change in Net Assets	\$ (121,975)	\$ (226,664)	\$ 104,689

Overview of Budgets

The Authority adopts a consolidated annual operating budget for all programs. Salaries and operating expenses are allocated in accordance with a Cost Allocation Plan approximately based upon the number of units per program. The budget for Low Income Public Housing is adopted on the basis of accounting prescribed by the U.S. Department of Housing and Urban Development (HUD), which differs in some respects from the Generally Accepted Accounting Principles (GAAP). Program budgets for the Section 8 program are also approved by HUD.

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

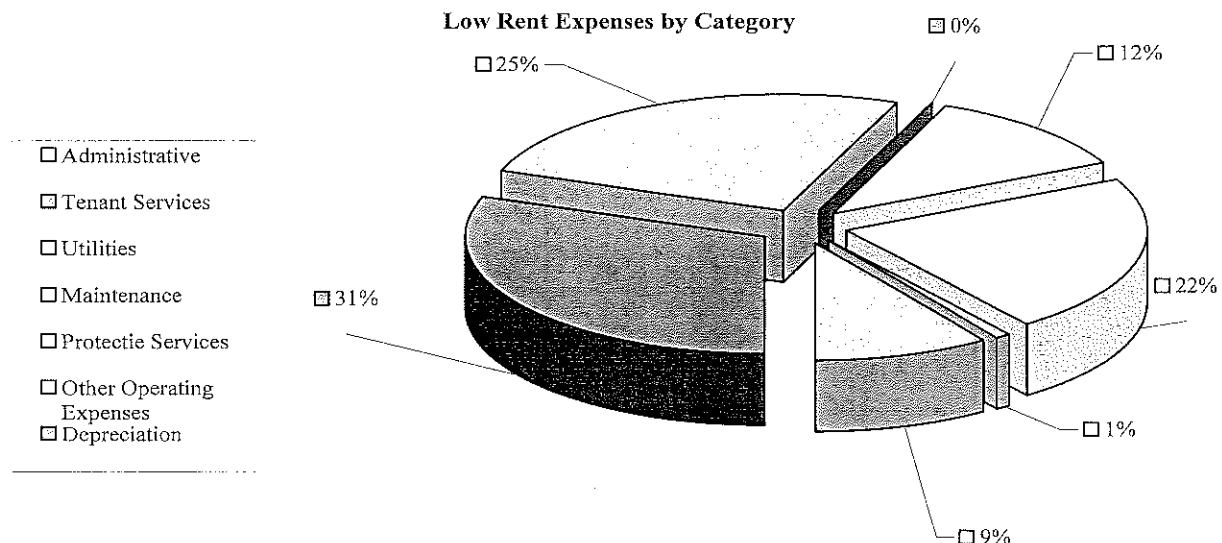
Low Income Public Housing Budgetary Highlights

The Authority's management is pleased with the operating results for the fiscal year ending June 30, 2007.

Comparison of Budget vs. Actual – Low Income Public Housing

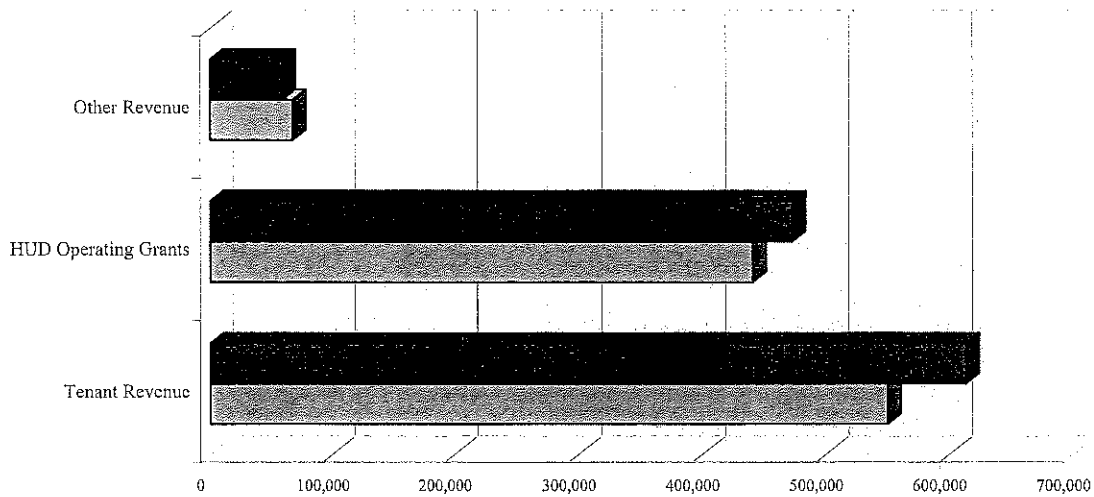
	Budget	Actual	Change	Variance
Tenant Rental Revenue	\$ 550,000	\$ 613,693	\$ 63,693	11.58%
Governmental Operating	441,220	472,994	31,774	7.20%
Other Revenue	67,580	58,959	(8,621)	-12.76%
Total Operating Revenue	\$ 1,058,800	\$ 1,145,646	\$ 86,846	8.20%
Operating Expenses:				
Administrative	271,367	360,353	88,986	32.79%
Tenant Services	15,800	378	(15,422)	-97.61%
Utilities	213,000	166,903	(46,097)	-21.64%
Maintenance	293,585	310,898	17,313	5.90%
Protective Services	11,700	11,730	30	100.00%
Other Operating Expenses	302,741	133,666	(169,075)	-55.85%
Total Operating Expenses	\$ 1,108,193	\$ 983,928	\$ (124,265)	-11.21%
Depreciation	415,000	431,392	16,392	3.95%
Operating Income (Loss)	\$ (464,393)	\$ (269,674)	\$ 194,719	-41.93%

The chart below shows the expense breakdown for Low Rent operations. Non-cash expense of Depreciation is the largest category. Items included in Other Operating Expenses are insurance premiums (26%), payments in lieu of taxes (16%), bad debt expense (3%), and extraordinary expense (2%).



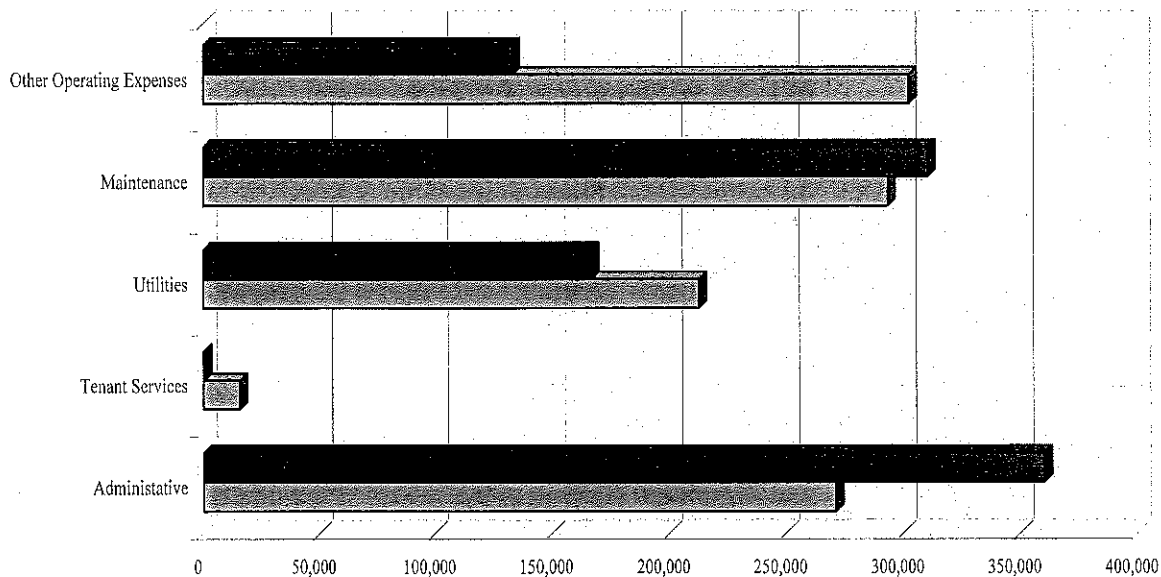
HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDED JUNE 30, 2007

Low Rent Housing Income



	Tenant Revenue	HUD Operating Grants	Other Revenue
■ Actual	613,693	472,994	58,959
□ Budget	550,000	441,220	67,580

Low Rent Housing Expenditures



	Administrative	Tenant Services	Utilities	Maintenance	Other Operating Expenses
■ Actual	360,353	378	166,903	310,898	133,666
□ Budget	271,367	15,800	213,000	293,585	302,741

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

Section 8 Program Budgets

The Section 8 operating budget is determined by estimating the total dollars required (Annual Contributions Required) to administer the program for a fiscal year. Annual Contributions consist of estimates made by the Authority for Housing Assistance Payments (HAP), audit cost, hard-to-house fees, and administrative fees. Generally, earned administrative fees provide governance of the program's operating expenses. A balanced budget is achieved when earned administrative fees equal the total operating expenses.

HAP and audit costs are reimbursed by HUD to the Authority dollar for dollar provided the Authority remains within its baseline units of vouchers issued by HUD. Hard-to-house fees are earned with a rate of \$75.00 per unit in the initial month when an eligible family is placed in a unit. Administrative fees are earned at the prescribed HUD formula for every voucher leased as of the 1st day of each month. The administrative fee available to the Marion Housing Authority for FYE 2007 was \$38.48 per unit per month leased for the months of July through December. In January the Authority began receiving an established monthly fee.

Section 8 Program Budgetary Highlights

Due to a cut in funding, the Authority did not have adequate funding to issue all 421 vouchers for the full fiscal year. This underfunding affects the administrative fee that the Authority has the ability to earn for each voucher issued.

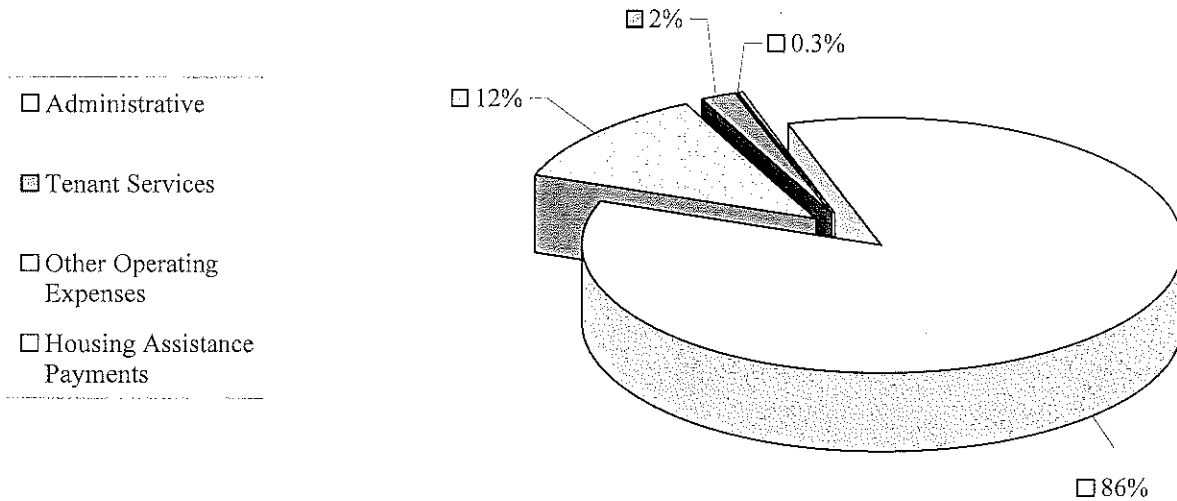
The PHA is undergoing program development of a Homeownership Program and working with Family Self-Sufficiency clients for that program. A grant for the Homeownership Coordinator was applied for, but not awarded. The Authority decided to continue with program development and to pay for the position from operations.

	Budget	Actual	Change	Variance
Governmental Operating	1,867,232	1,832,274	(34,958)	-1.87%
Other Revenue	7,000	13,643	6,643	94.90%
Total Operating Revenue	<u>\$ 1,874,232</u>	<u>\$ 1,845,917</u>	<u>\$ (28,315)</u>	<u>-1.51%</u>
Operating Expenses:				
Administrative	206,094	222,428	16,334	7.93%
Tenant Services	38,745	38,327	(418)	
Housing Assistance Payments	1,696,438	1,560,865	(135,573)	-7.99%
Other Operating Expenses	7,300	5,483	(1,817)	-24.89%
Total Operating Expenses	<u>\$ 1,948,577</u>	<u>\$ 1,827,103</u>	<u>\$ (121,474)</u>	<u>-6.23%</u>
Depreciation	5,000	6,360	1,360	27.20%
Operating Income (Loss)	<u>\$ (79,345)</u>	<u>\$ 12,454</u>	<u>\$ 91,799</u>	<u>-115.70%</u>

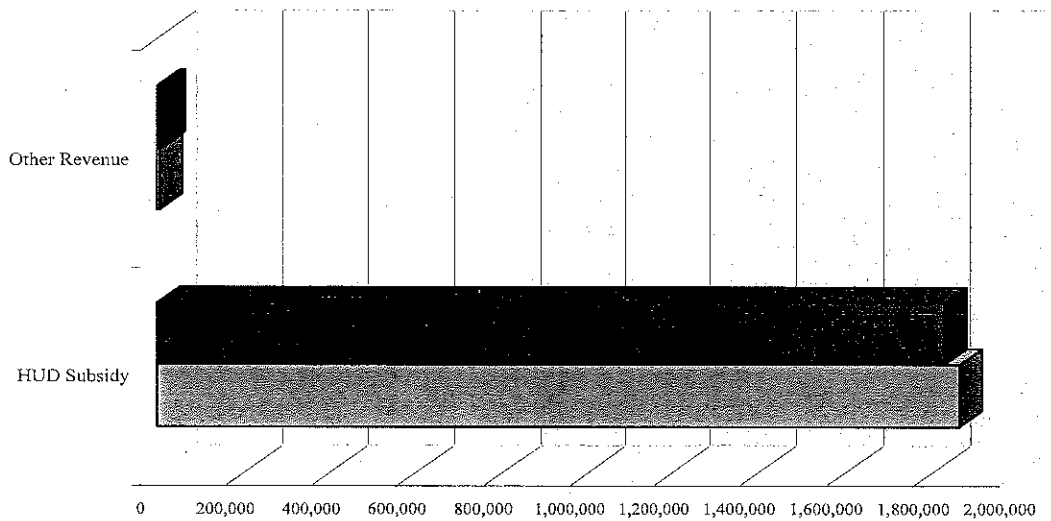
**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

The following chart demonstrates how funds are spent in the Section 8 program. HAP is the largest program expense, constituting 87% of all expenditures. Administrative expenses make up 12% of the total program expenditures.

Section 8 Operating Expenses by Category



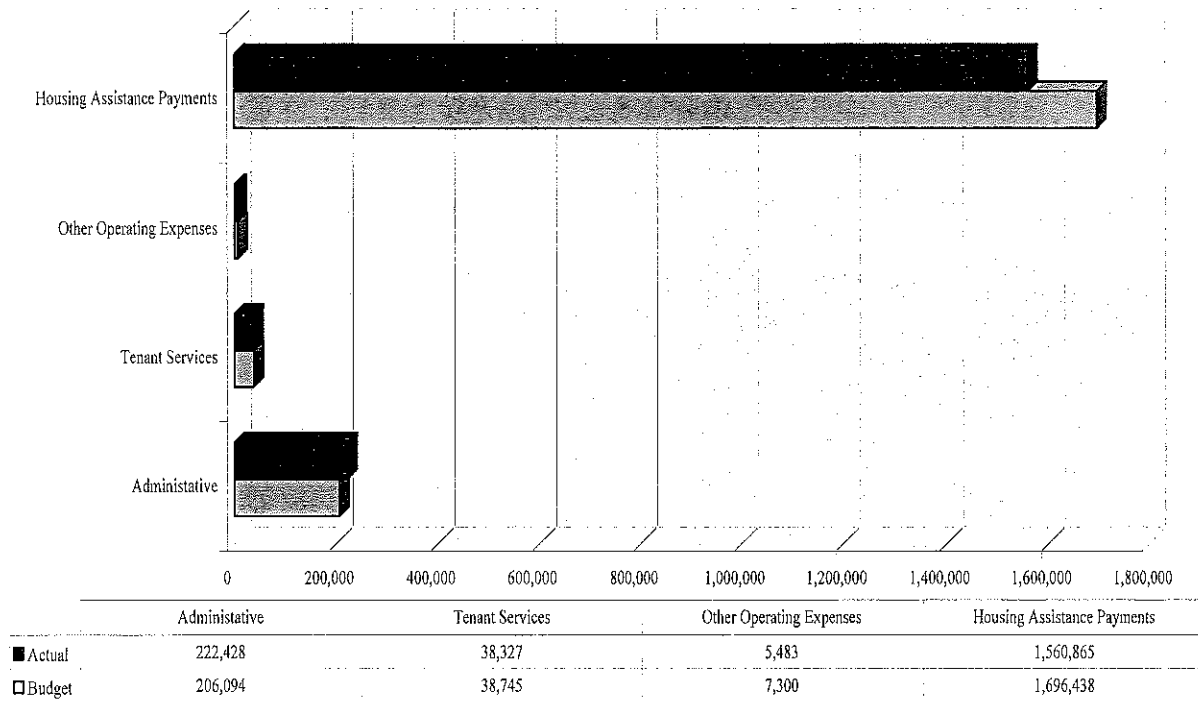
Section 8 Program Income



	HUD Subsidy	Other Revenue
■ Actual	1,832,274	13,643
□ Budget	1,867,232	7,000

**HOUSING AUTHORITY OF THE CITY OF MARION, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2007**

Section 8 Budget vs. Actual Expenditures



ANALYSIS OF CAPITAL ASSET ACTIVITY

	2007	2006	Net Change	Percent Variance
Land	444,882	444,882	0	0.0%
Buildings	10,752,810	10,752,810	0	0.0%
Equipment and Furniture	1,149,851	1,041,854	107,997	10.4%
Leasehold Improvements	5,962,541	5,871,052	91,489	1.6%
Total Fixed Assets	18,310,084	18,110,598	199,486	1.1%
Accumulated Depreciation	7,587,818	7,012,644	575,174	8.2%
Net Fixed Assets	10,722,266	11,097,954	(375,688)	-3.4%

OUTSTANDING DEBT, AT YEAR END

	2006	Added/(Retired)	2007
Notes Payable – Short Term	\$ 202,720	\$ 12,388	\$ 215,108
Notes Payable – Long Term	<u>2,143,526</u>	<u>(212,570)</u>	<u>1,930,956</u>
Total	\$ 2,346,246	\$ (200,182)	\$ 2,146,064

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF JUNE 30, 2007**

ASSETS

CURRENT ASSETS	
Cash	\$ 944,869
Accounts receivable (interfund eliminated)	72,216
Accrued interest receivable	30,693
Notes receivable	22,203
Investments	1,015,420
Inventory	15,719
Deferred charges	<u>17,507</u>
Total Current Assets	<u>\$ 2,118,627</u>
CAPITAL ASSETS	
Land, buildings and equipment	\$ 18,310,084
Less: Accumulated depreciation	<u>-7,587,818</u>
Total Capital Assets	<u>\$ 10,722,266</u>
OTHER ASSETS	
Notes receivable	\$ 239,550
Restricted investments	<u>633,774</u>
Total Other Assets	<u>\$ 873,324</u>
Net Assets	<u>\$ 13,714,217</u>

LIABILITIES

CURRENT LIABILITIES	
Accounts payable (interfund eliminated)	\$ 143,872
Notes payable	215,108
Accrued liabilities	153,651
Deferred revenue	<u>35,588</u>
Total Current Liabilities	<u>\$ 548,219</u>
NONCURRENT LIABILITIES	
Notes payable	\$ 1,930,956
Accrued compensated absences	74,646
Trust and deposit liabilities	<u>15,988</u>
Total Noncurrent Liabilities	<u>\$ 2,021,590</u>

NET ASSETS

Invested in capital assets	\$ 8,576,202
Restricted	736,066
Unrestricted	<u>1,832,140</u>
Total Net Assets	<u>\$ 11,144,408</u>

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

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2007**

Operating Income

Tenant revenue	\$ 1,402,548
Tenant revenue - other	<u>49,476</u>
Total Tenant Income	\$ 1,452,024
HUD grants - operating	2,401,172
Other revenue	<u>67,063</u>
Total Operating Income	<u>\$ 3,920,259</u>

Operating Expenses

Administrative	\$ 851,384
Tenant services	63,813
Utilities	260,904
Ordinary maintenance and operation	490,209
General expense	249,613
Protective services	17,681
Extraordinary maintenance	168,606
Housing assistance payments	1,560,865
Depreciation	<u>579,119</u>
Total Operating Expenses	<u>\$ 4,242,194</u>
Net Operating Income (Loss)	<u>\$ -321,935</u>

Nonoperating Income (Expense)

HUD grants - capital	\$ 188,593
Interest expense	-128,964
Interest income	106,538
Casualty losses	<u>-10,342</u>
Total Nonoperating Income (Expense)	<u>\$ 155,825</u>
Changes in net assets	\$ -166,110
Net assets, beginning of year	11,266,383
Prior period adjustments	<u>44,135</u>
Net assets, end of year	<u>\$ 11,144,408</u>

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

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2007**

Operating Activities

Operating grants	\$ 2,374,441
Tenant revenue	1,431,914
Other revenue	67,063
Housing assistance payments	-1,560,865
Payments to employees	-768,869
Payments to suppliers and contractors	<u>-1,165,027</u>

Net Cash Provided (Used) by Operating Activities \$ 378,657

Investing Activities

Investments (purchased) redeemed	\$ 125,069
Interest income	<u>106,538</u>

Net Cash Provided (Used) by Investing Activities \$ 231,607

Capital and Related Financing Activities

HUD grants - capital	\$ 188,593
Additions (deletions) to fixed assets	-203,431
Interest expense	-128,964
Retirement of debt	-200,182
Casualty losses	<u>-10,342</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -354,326

Net Change in Cash \$ 255,938

Cash Balance at June 30, 2006 688,931

Cash Balance at June 30, 2007 \$ 944,869

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED JUNE 30, 2007**

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

Net operating income (loss)	\$ -321,935
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	579,119
Adjustments to net assets	44,135
(Increase) decrease in accounts receivable	-171,583
(Increase) decrease in deferred charges	-13,903
(Increase) decrease in inventory	4,457
(Increase) decrease in other assets	117,149
Increase (decrease) in accounts payable	134,719
Increase (decrease) in accrued liabilities	-713
Increase (decrease) in deferred revenues	30,240
Increase (decrease) in other liabilities	<u>-23,028</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 378,657</u>

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

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Marion was established by the City of Marion 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 Marion 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 its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Marion 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 in the current year.

(b) Component Units

The financial statements of the Housing Authority of the City of Marion previously included a component unit, the Affordable Housing Corporation of Marion, Indiana. The Affordable Housing Corporation of Marion, Indiana (AHC) is a not-for-profit corporation established July 24, 1995 by the Housing Authority of the City of Marion to provide residential dwelling accommodations for low and moderate income persons and families. In accordance with GASB #14, the Marion Housing Authority has concluded that the AHC is not closely related and there is no financial dependency between the two agencies, therefore those statements have not been included in the current year report.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) 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.

(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
- * Section 8 Choice Vouchers
- * Capital Fund Program
- * State and Local
- * New Construction
- * Business Activities

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

Proprietary Fund Types:

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

(e) Cash and Cash Equivalents -

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

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at June 30, 2007, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(g) Inventories and Materials -

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

(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 one thousand (\$1,000) 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	40	years
Equipment	10	years
Transportation equipment	5	years
Furniture and fixtures	10	years
Leasehold improvements	15	years

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(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 for approval.

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

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.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(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>Fund</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 410,730	\$ 431,227
Section 8 Voucher	173,993	177,815
New Construction-Hilltop Towers	147,934	186,137
State & Local-Thomas Jefferson Homes	53,722	53,722
Business Activities	<u>158,490</u>	<u>60,889</u>
Total	<u>\$ 944,869</u>	<u>\$ 909,790</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(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>Fund</u>	<u>Rate</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	4.10-4.85%	\$ 910,420	\$ 910,420
Section 8-Voucher	2.50-4.55%	75,000	75,000
New Construction-Hilltop Towers	4.55-4.70%	<u>30,000</u>	<u>30,000</u>
Total Unrestricted		<u>\$ 1,015,420</u>	<u>\$ 1,015,420</u>
New Construction - Hilltop Towers (restricted)		<u>\$ 633,774</u>	<u>\$ 633,774</u>

Note 3 - Compensated Absences

Annual Leave

Employees meeting certain service requirements will not be required to use annual leave in excess of one (1) year's accrual. These employees may "sell" their accrued leave back to the PHA for monetary compensation according to the following schedule:

After completing:

- 5 years of service, employee may sell 1 week of accrued leave (40 hours)
- 10 years of service, employee may sell 2 weeks of accrued leave (80 hours)
- 15 years of service, employee may sell 3 weeks of accrued leave (120 hours)

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 3 - Compensated Absences (Continued)

Annual Leave (Continued)

Employees are limited to these transactions to two (2) times per fiscal year and during specific time frames.

May 1 through May 15 to receive payment by June 15

November 1 through November 15 to receive payment by December 15

Employees will be paid for unused annual leave upon resignation, retirement or in case of death to the employee's beneficiary.

Annual leave will not be granted in increments of less than 1 hour.

Part-time, temporary and/or seasonal employees shall not earn annual leave.

Sick Leave

Sick leave credits shall accrue for regular and probationary full-time employees. Sick leave is earned at the rate of nine (9) days per year (earned at 2.769 hours per pay period) of active employment. Sick leave shall not accrue for any pay period during which an employee is on injury leave, or in a non-pay status over fifty percent (50%) of the standard number of working hours for his/her type of job.

Sick leave may be accumulated to a maximum and not to exceed 60 working days (480 hours).

Any accrued time over 480 hours may be sold back to the PHA for monetary compensation at a maximum of 5 working days, or 40 hours, per fiscal year.

Employees are limited to these transactions to two (2) times per fiscal year and during specific time frames.

May 1 through May 15 to receive payment by June 15

November 1 through November 15 to receive payment by December 15

If an employee has no accumulated sick leave, annual leave must be used.

Accrued unused sick leave hours are not compensated at separation of employment from the PHA unless the individual is a regular full-time employee who has had continuous service with the PHA for five (5) or more years, is leaving in good standing and payment is approved by the Executive Director.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 3 - Compensated Absences (Continued)

Vacation

Employees are granted vacation benefits in varying amounts as follows:

1st year: 6.5 working days vacation (2 hours accrued per pay period).

2nd through 5th year of continuous service: 13 working days vacation per year (4 hours accrued per pay period).

6th through 10th year of continuous service: 16.25 working days vacation per year (5 hours accrued per pay period).

11th through 15th year of continuous service: 20.3125 working days vacation per year (6.25 hours accrued per pay period).

16th year of continuous service or more: 22.75 working days vacation per year (7 hours accrued per pay period).

The beginning date for calculating each year's authorized vacation is the employee's anniversary date. No employee shall be eligible for vacation until after six (6) months of continuous employment. Vacation earned in a given fiscal year must be used in the following fiscal year or it will be forfeited. All employees who retire or whose employment is terminated shall be entitled to payment for accumulated vacation time not to exceed one (1) year.

Note 4 - Defined Contribution Plan

The PHA participates in a defined contribution plan. The Housing Authority and the participants are required to contribute 7% and 5% of annual covered payroll, respectively. For the fiscal year ended June 30, 2007, actual contributions by the Housing Authority and plan participants were consistent with prior year.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 26,575
Allowance for doubtful accounts	-14,280
Accounts receivable - HUD	48,129
Other	<u>11,792</u>
Subtotal	\$ 72,216
Interfund	<u>408,733</u>
Total	<u>\$ 480,949</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 6 - Investments

At June 30, 2007 investments consist of the following:

<u>Low Rent</u>	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of deposit	4.75-5.25%	\$ 910,420	\$ 910,420
<u>Voucher</u>			
Certificates of deposit	4.55%	\$ 75,000	\$ 75,000
<u>New Construction - Hilltop Towers</u>			
Certificate of deposit	4.55-4.70%	\$ 30,000	\$ 30,000
Total		<u>\$ 1,015,420</u>	<u>\$ 1,015,420</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ 17,369
Other	<u>138</u>
Total	<u>\$ 17,507</u>

Note 8 - Fixed Assets

Balance as of June 30, 2007	\$ 10,722,266
Balance as of June 30, 2006	<u>11,097,954</u>
Net Increase (Decrease)	<u>\$ -375,688</u>

Reconciliation

Property betterments and additions	\$ 203,911
Current year depreciation expense	-579,119
Disposals	<u>-480</u>
Net Increase (Decrease)	<u>\$ -375,688</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 8 - Fixed Assets (Continued)

	0701/2006 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	06/30/2007 <u>Balance</u>
Land	\$ 444,882	\$ 0	\$ 0	\$ 444,882
Buildings	10,752,810	0	0	10,752,810
Equipment and furniture	1,041,854	194,942	86,945	1,149,851
Leasehold improvements	<u>5,871,052</u>	<u>91,489</u>	<u>0</u>	<u>5,962,541</u>
 Total Assets	 \$ 18,110,598	 \$ 286,431	 \$ 86,945	 \$ 18,310,084
 Accumulated depreciation	 <u>-7,012,644</u>	 <u>3,950</u>	 <u>579,124</u>	 <u>-7,587,818</u>
 Total Net Assets	 <u>\$ 11,097,954</u>	 <u>\$ 290,381</u>	 <u>\$ 666,069</u>	 <u>\$ 10,722,266</u>

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 24,409
Tenants security deposits	102,436
Accounts payable - other	<u>17,027</u>
 Subtotal	 \$ 143,872
 Interfund	 <u>408,733</u>
 Total	 <u>\$ 552,605</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 10 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued payroll and payroll taxes	\$ 17,420
Accrued compensated absences	11,212
Accrued interest payable	14,950
Payment in lieu of taxes	<u>110,069</u>

Current Portion Total	\$ 153,651
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Noncurrent Portion:

Accrued compensated absences	<u>74,646</u>
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Total	<u>\$ 228,297</u>
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Note 11 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ 1,987
Other	<u>33,601</u>

Total	<u>\$ 35,588</u>
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Note 12 - Notes Payable

The detail of the Housing Authority's long term debt at year end is set forth below:

On August 4, 1987, the U.S. Department of Housing and Urban Development (HUD) issued notice PIH 87-212 to implement the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (PL 99-272, enacted April 7, 1986). This notice states, in part, the following:

Project debt to HUD (HUD-held notes) will be forgiven after a debt forgiveness amendment to the consolidated Annual Contributions Contract has been executed by HUD and the Public Housing Authority and after the Actual Development Cost Certificate has been included in an audit and approved.

As a part of the HUD mandated GAAP conversion and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 13 - Long Term Debt

<u>Program</u>	<u>Rate</u>	<u>Due Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Business Activities	3.99%	12/31/06	\$ 56,166	\$ 1,174,406	\$ 1,230,572
Thomas Jefferson Homes	8.23%	12/01/19	13,942	266,550	280,492
Hilltop Towers	6.90%	10/01/10	<u>145,000</u>	<u>490,000</u>	<u>635,000</u>
Total			<u>\$ 215,108</u>	<u>\$ 1,930,956</u>	<u>\$ 2,146,064</u>

Debt service requirements for the long term debt for the next five years are as follows:

<u>Due Fiscal Year Ending</u>	<u>Total</u>
2008	\$ 215,108
2009	221,481
2010	237,971
2011	249,588
2012	76,341
Thereafter	1,145,575

Note 14 - 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 a variable rate designated by HUD on annual basis.

Note 15 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 16 - Long Term Lease/Restricted Investments

Pursuant to the bond agreement dated, October 1, 1977, the Housing Corporation of Marion leased the entire Hilltop Towers project to the Housing Authority of the City of Marion for a term equal to the bonds (33 years). Under the lease the Housing Authority is responsible for operating the project and for collecting all project revenues. The lease calls for annual rental payments consisting primarily of principal, interest and trustee's fees and expenses. The lease also requires additional rent deposits for insurance and tax escrow fund, debt service reserve funds (whenever the balance in said account shall be less than the debt service reserve fund requirement), operating fund, extraordinary maintenance and replacement fund and surplus fund. These rental payments are paid directly to the trustee of the bonds (Chase Manhattan Trust Company).

A corporate warranty deed was signed on October 12, 1977 which conveyed title to the real estate where Hilltop Towers now stands from the Housing Corporation of Marion to the Housing Authority. The title to this property is subject and subordinate to the Indenture of Mortgage and Trust dated October 1, 1977 from the Housing Corporation to Chase Manhattan Trust Company, (the trustee), and to the lease agreement mentioned above.

Future minimum lease payments on the capital lease at June 30, 2007 are as follows:

2008	\$	183,813
2009		178,635
2010		182,768
2011		181,038
Thereafter		0

Note 17 - 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 18 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Adjustment to property taxes	\$	951
Adjustment to HUD settlement		<u>43,184</u>
Total		<u>\$ 44,135</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED JUNE 30, 2007
(CONTINUED)**

Note 19 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

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

Note 20 - Economic Dependency

The Housing Authority received most of its revenue (61%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2007**

<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-2001	FYE 06/30/07	\$ 472,994	\$ 472,994	\$ 472,994
Housing Choice Voucher Program*	14.871	IN041VO	FYE 06/30/07	\$ 1,832,274	\$ 1,832,274	\$ 1,832,274
Public Housing - Capital Fund	14.872	C-2001	FYE 06/30/07	\$ 915,132	\$ 284,497	\$ 284,497
Total Assistance				\$ 3,220,400	\$ 2,589,765	\$ 2,589,765

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED JUNE 30, 2007**

Note 1: Expenditures to the Housing Choice Voucher Program are reported as equal to revenues recognized. This method of expenditure recognition does not reconcile to the Housing Authority's financial statements, but is required by HUD.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF NET ASSETS
AT JUNE 30, 2007**

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
CURRENT ASSETS			
Cash	\$ 410,730	\$ 0	\$ 173,993
Accounts receivable	275,775	48,129	0
Accrued interest receivable	27,571	0	2,474
Investments	910,420	0	75,000
Inventory	14,029	0	0
Deferred charges	<u>5,425</u>	<u>0</u>	<u>5,954</u>
Total Current Assets	<u>\$ 1,643,950</u>	<u>\$ 48,129</u>	<u>\$ 257,421</u>
CAPITAL ASSETS			
Land, buildings and equipment	\$ 11,678,456	\$ 453,432	\$ 36,526
Less: Accumulated depreciation	<u>-5,531,064</u>	<u>0</u>	<u>-25,714</u>
Total Capital Assets	<u>\$ 6,147,392</u>	<u>\$ 453,432</u>	<u>\$ 10,812</u>
OTHER ASSETS			
Notes receivable	<u>\$ 123,770</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Assets	<u>\$ 7,915,112</u>	<u>\$ 501,561</u>	<u>\$ 268,233</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 184,570	\$ 14,528	\$ 54,345
Accrued liabilities	57,516	0	3,984
Deferred revenue	<u>446</u>	<u>33,601</u>	<u>0</u>
Total Current Liabilities	<u>\$ 242,532</u>	<u>\$ 48,129</u>	<u>\$ 58,329</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	\$ 46,843	\$ 0	\$ 12,421
Trust and deposit liabilities	<u>0</u>	<u>0</u>	<u>15,988</u>
Total Noncurrent Liabilities	<u>\$ 46,843</u>	<u>\$ 0</u>	<u>\$ 28,409</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 6,147,392	\$ 453,432	\$ 10,812
Restricted	0	0	102,292
Unrestricted	<u>1,478,345</u>	<u>0</u>	<u>68,391</u>
Total Net Assets	<u>\$ 7,625,737</u>	<u>\$ 453,432</u>	<u>\$ 181,495</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF NET ASSETS
AT JUNE 30, 2007**

<u>ASSETS</u>	<u>Business Activities</u>	<u>New Const. Hilltop Towers</u>	<u>State and Local T. J. Homes</u>
CURRENT ASSETS			
Cash	\$ 158,490	\$ 147,934	\$ 53,722
Accounts receivable	16,237	22,791	118,017
Accrued interest receivable	0	648	0
Investments	0	30,000	0
Restricted investments	0	633,774	0
Inventory	0	1,690	0
Deferred charges	3,716	1,921	491
Total Current Assets	<u>\$ 178,443</u>	<u>\$ 838,758</u>	<u>\$ 172,230</u>
CAPITAL ASSETS			
Land, buildings and equipment	\$ 1,308,556	\$ 2,691,304	\$ 2,141,810
Less: Accumulated depreciation	<u>-39,052</u>	<u>-1,701,916</u>	<u>-290,072</u>
Total Capital Assets	<u>\$ 1,269,504</u>	<u>\$ 989,388</u>	<u>\$ 1,851,738</u>
OTHER ASSETS			
Notes receivable	<u>\$ 45,000</u>	<u>\$ 0</u>	<u>\$ 92,983</u>
Net Assets	<u>\$ 1,492,947</u>	<u>\$ 1,828,146</u>	<u>\$ 2,116,951</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 228,050	\$ 63,996	\$ 9,556
Accrued liabilities	51,356	37,617	738
Notes payable	56,166	145,000	13,942
Deferred revenue	<u>189</u>	<u>640</u>	<u>712</u>
Total Current Liabilities	<u>\$ 335,761</u>	<u>\$ 247,253</u>	<u>\$ 24,948</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	\$ 1,031	\$ 11,875	\$ 2,476
Notes payable	<u>1,174,406</u>	<u>490,000</u>	<u>266,550</u>
Total Noncurrent Liabilities	<u>\$ 1,175,437</u>	<u>\$ 501,875</u>	<u>\$ 269,026</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 38,932	\$ 354,388	\$ 1,571,246
Restricted	0	633,774	0
Unrestricted	<u>-57,183</u>	<u>90,856</u>	<u>251,731</u>
Total Net Assets	<u>\$ -18,251</u>	<u>\$ 1,079,018</u>	<u>\$ 1,822,977</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Tenant revenue	\$ 591,424	\$ 0	\$ 0
Tenant revenue - other	<u>22,269</u>	<u>0</u>	<u>0</u>
Total Tenant Revenue	\$ 613,693	\$ 0	\$ 0
HUD grants - operating	472,994	95,904	1,832,274
Other income	<u>9,903</u>	<u>0</u>	<u>7,400</u>
Total Operating Income	<u>\$ 1,096,590</u>	<u>\$ 95,904</u>	<u>\$ 1,839,674</u>
 <u>Operating Expenses</u>			
Administration	\$ 360,353	\$ 92,555	\$ 222,428
Tenant services	378	0	38,327
Utilities	166,903	0	0
Ordinary maintenance and operation	310,898	3,349	0
General expense	127,232	0	5,483
Protective services	11,730	0	0
Extraordinary maintenance	6,434	0	0
Housing assistance payments	0	0	1,560,865
Depreciation	<u>431,392</u>	<u>0</u>	<u>6,360</u>
Total Operating Expenses	<u>\$ 1,415,320</u>	<u>\$ 95,904</u>	<u>\$ 1,833,463</u>
Net Operating Income (Loss)	<u>\$ -318,730</u>	<u>\$ 0</u>	<u>\$ 6,211</u>
 <u>Nonoperating Income (Expense)</u>			
HUD grants - capital	\$ 0	\$ 188,593	\$ 0
Interest income	<u>49,056</u>	<u>0</u>	<u>6,243</u>
Total Nonoperating Income (Expense)	<u>\$ 49,056</u>	<u>\$ 188,593</u>	<u>\$ 6,243</u>
Changes in Net Assets	<u>\$ -269,674</u>	<u>\$ 188,593</u>	<u>\$ 12,454</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Operating Income</u>	<u>Business Activities</u>	<u>New Const. Hilltop Towers</u>	<u>State and Local T. J. Homes</u>
Tenant rental revenue	\$ 250,914	\$ 447,354	\$ 112,856
Tenant revenue - other	<u>17,494</u>	<u>5,111</u>	<u>4,602</u>
Total Tenant Income	\$ 268,408	\$ 452,465	\$ 117,458
Other income	<u>44,900</u>	<u>4,860</u>	<u>0</u>
Total Operating Income	<u>\$ 313,308</u>	<u>\$ 457,325</u>	<u>\$ 117,458</u>
 <u>Operating Expenses</u>			
Administration	\$ 74,928	\$ 86,067	\$ 15,053
Tenant services	90	24,811	207
Utilities	18,719	74,626	656
Ordinary maintenance and operation	62,861	82,200	30,901
General expense	61,802	46,463	8,633
Protective services	1,411	3,305	1,235
Extraordinary maintenance	103,904	55,410	2,858
Depreciation	<u>34,675</u>	<u>67,301</u>	<u>39,391</u>
Total Operating Expenses	<u>\$ 358,390</u>	<u>\$ 440,183</u>	<u>\$ 98,934</u>
Net Operating Income (Loss)	<u>\$ -45,082</u>	<u>\$ 17,142</u>	<u>\$ 18,524</u>
 <u>Nonoperating Income (Expense)</u>			
Interest expense	\$ -54,499	\$ -50,801	\$ -23,664
Interest income (restricted)	0	26,884	0
Interest income	5,314	9,946	9,095
Casualty losses	<u>0</u>	<u>-10,342</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ -49,185</u>	<u>\$ -24,313</u>	<u>\$ -14,569</u>
Changes in Net Assets	<u>\$ -94,267</u>	<u>\$ -7,171</u>	<u>\$ 3,955</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Invested in Capital Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Balance at June 30, 2006	\$ 6,501,416	\$ 342,205	\$ 17,174
Current year net income (loss)	-431,390	188,593	-6,362
Close out Capital Funds	<u>77,366</u>	<u>-77,366</u>	<u>0</u>
Balance at June 30, 2007	<u>\$ 6,147,392</u>	<u>\$ 453,432</u>	<u>\$ 10,812</u>
 <u>Restricted</u>			
Balance at June 30, 2006	\$ 0	\$ 0	\$ 32,723
Current year net income (loss)	<u>0</u>	<u>0</u>	<u>69,569</u>
Balance at June 30, 2007	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,292</u>
 <u>Unrestricted</u>			
Balance at June 30, 2006	\$ 1,316,629	\$ 0	\$ 75,960
Current year net income (loss)	161,716	0	-50,753
Prior year adjustment	<u>0</u>	<u>0</u>	<u>43,184</u>
Balance at June 30, 2007	<u>\$ 1,478,345</u>	<u>\$ 0</u>	<u>\$ 68,391</u>
Total Net Assets	<u>\$ 7,625,737</u>	<u>\$ 453,432</u>	<u>\$ 181,495</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**CHANGES IN NET ASSETS
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Invested in Capital Assets</u>	<u>Business Activities</u>	<u>New Const. Hilltop Towers</u>	<u>State and Local T. J. Homes</u>
Balance at June 30, 2006	\$ 6,426	\$ 286,693	\$ 1,597,794
Current year net income (loss)	<u>32,506</u>	<u>67,695</u>	<u>-26,548</u>
Balance at June 30, 2007	<u>\$ 38,932</u>	<u>\$ 354,388</u>	<u>\$ 1,571,246</u>
 <u>Restricted</u>			
Balance at June 30, 2006	\$ 0	\$ 595,431	\$ 0
Current year net income (loss)	<u>0</u>	<u>38,343</u>	<u>0</u>
Balance at June 30, 2007	<u>\$ 0</u>	<u>\$ 633,774</u>	<u>\$ 0</u>
 <u>Unrestricted</u>			
Balance at June 30, 2006	\$ 68,639	\$ 204,065	\$ 221,228
Current year net income (loss)	-126,773	-113,209	30,503
Prior period adjustment	<u>951</u>	<u>0</u>	<u>0</u>
Balance at June 30, 2007	<u>\$ -57,183</u>	<u>\$ 90,856</u>	<u>\$ 251,731</u>
Total Net Assets	<u>\$ -18,251</u>	<u>\$ 1,079,018</u>	<u>\$ 1,822,977</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Operating grants	\$ 472,994	\$ 69,173	\$ 1,832,274
Tenant revenue	614,711	0	0
Other revenue	9,903	0	7,400
Housing assistance payments	0	0	-1,560,865
Payments to employees	-370,070	-53,434	-152,306
Payments to suppliers and contractors	<u>-532,305</u>	<u>-15,739</u>	<u>-109,298</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 195,233</u>	<u>\$ 0</u>	<u>\$ 17,205</u>
 <u>Investing Activities</u>			
Investments (purchased) redeemed	\$ -162,049	\$ 0	\$ 31,244
Interest income	<u>49,056</u>	<u>0</u>	<u>6,243</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -112,993</u>	<u>\$ 0</u>	<u>\$ 37,487</u>
 <u>Capital and Related Financing Activities</u>			
HUD grants - capital	\$ 0	\$ 188,593	\$ 0
Additions (deletions) to fixed assets	<u>-2</u>	<u>-188,593</u>	<u>2</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -2</u>	<u>\$ 0</u>	<u>\$ 2</u>
Net Change in Cash	\$ 82,238	\$ 0	\$ 54,694
Cash Balance at June 30, 2006	<u>328,492</u>	<u>0</u>	<u>119,299</u>
Cash Balance at June 30, 2007	<u><u>\$ 410,730</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 173,993</u></u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2007**

Reconciliation of Operating Income (Loss) to Net Cash

<u>Provided (Used) by Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Net operating income (loss)	\$ -318,730	\$ 0	\$ 6,211
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	431,392	0	6,360
Adjustments to net assets	0	0	43,184
(Increase) decrease in accounts receivable	-7,196	-26,731	0
(Increase) decrease in deferred charges	-5,300	0	-2,475
(Increase) decrease in inventory	4,457	0	0
(Increase) decrease in other assets	-489	0	-1,679
Increase (decrease) in accounts payable	119,023	-6,870	-12,704
Increase (decrease) in accrued liabilities	-28,292	0	1,336
Increase (decrease) in deferred revenues	368	33,601	0
Increase (decrease) in other liabilities	<u>0</u>	<u>0</u>	<u>-23,028</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 195,233</u>	<u>\$ 0</u>	<u>\$ 17,205</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Operating Activities</u>	<u>Business Activities</u>	<u>New Const. Hilltop Towers</u>	<u>State and Local T. J. Homes</u>
Tenant revenue	\$ 246,518	\$ 452,586	\$ 118,099
Other revenue	44,900	4,860	0
Payments to employees	-78,592	-92,027	-22,440
Payments to suppliers and contractors	<u>23,994</u>	<u>-371,416</u>	<u>-160,263</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 236,820</u>	<u>\$ -5,997</u>	<u>\$ -64,604</u>
 <u>Investing Activities</u>			
Investments (purchased) redeemed	\$ 0	\$ 152,874	\$ 103,000
Interest income	<u>5,314</u>	<u>36,830</u>	<u>9,095</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 5,314</u>	<u>\$ 189,704</u>	<u>\$ 112,095</u>
 <u>Capital and Related Financing Activities</u>			
Additions (deletions) to fixed assets	\$ -14,842	\$ 4	\$ 0
Interest expense	-54,499	-50,801	-23,664
Retirement of debt	-52,339	-135,000	-12,843
Casualty losses	<u>0</u>	<u>-10,342</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -121,680</u>	<u>\$ -196,139</u>	<u>\$ -36,507</u>
Net Change in Cash	\$ 120,454	\$ -12,432	\$ 10,984
Cash Balance at June 30, 2006	<u>38,036</u>	<u>160,366</u>	<u>42,738</u>
Cash Balance at June 30, 2007	<u>\$ 158,490</u>	<u>\$ 147,934</u>	<u>\$ 53,722</u>

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED JUNE 30, 2007**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>Business Activities</u>	<u>New Const. Hilltop Towers</u>	<u>State and Local T. J. Homes</u>
Net operating income (loss)	\$ -45,082	\$ 17,142	\$ 18,524
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	34,675	67,301	39,391
Adjustment to net assets	951	0	0
(Increase) decrease in accounts receivable	-15,415	-5,213	-117,028
(Increase) decrease in deferred charges	-3,716	-1,921	-491
(Increase) decrease in inventory	0	0	0
(Increase) decrease in other assets	111,240	537	7,540
Increase (decrease) in accounts payable	124,472	-75,306	-13,896
Increase (decrease) in accrued liabilities	33,130	-8,581	1,694
Increase (decrease) in deferred revenues	<u>-3,435</u>	<u>44</u>	<u>-338</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 236,820</u>	<u>\$ -5,997</u>	<u>\$ -64,604</u>

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
Housing Authority of the City of Marion
Marion, Indiana

I have audited the financial statements of the governmental activities of Housing Authority of the City of Marion as of and for the year ended June 30, 2007, which collectively comprise the Housing Authority of the City of Marion's basic financial statements and have issued my report thereon dated February 15, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Housing Authority of the City of Marion'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 Housing Authority of the City of Marion's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Marion'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 Housing Authority of the City of Marion'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 Housing Authority of the City of Marion's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the City of Marion'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 Housing Authority of the City of Marion'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 Housing Authority of the City of Marion'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 Housing Authority of the City of Marion, in a separate letter dated February 15, 2008.

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

Decatur, Illinois
February 15, 2008


Certified Public Accountant

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Housing Authority of the City of Marion
Marion, Indiana

Compliance

I have audited the compliance of Housing Authority of the City of Marion with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Housing Authority of the City of Marion'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 Housing Authority of the City of Marion's management. My responsibility is to express an opinion on Housing Authority of the City of Marion'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 Housing Authority of the City of Marion's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Housing Authority of the City of Marion's compliance with those requirements.

In my opinion, Housing Authority of the City of Marion complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. The results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

The management of Housing Authority of the City of Marion 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 Housing Authority of the City of Marion's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Marion's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Housing Authority of the City of Marion in a separate letter dated February 15, 2008.

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

Decatur, Illinois
February 15, 2008


Certified Public Accountant

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2007**

Summary of Auditor's Results

Low Risk Auditee yes no

Financial Statements

Type of auditor's report: Unqualified

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

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major programs:

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

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

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

Major Programs: (Threshold \$300,000)

CFDA Number(s)

Public and Indian Housing	14.850
Housing Choice Voucher Program	14.871

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2006 contained no findings.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

There were no findings discussed with Frederick Hunt, Executive Director, during the course of the audit or at an exit conference held February 15, 2008.

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2007**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Supportive services	1111.050	\$ 1.80		1111.050
Interest income	3610.850		\$ 1.80	2806
(To correct transaction 4645)				
(2)				
Accounts receivable - CFP 2005	1129.505	\$ 382.98		1129.505
Other sundry	4190		\$ 382.98	2806
(To adjust interfund for recoding done with CFP 2005 expend items)				
(3)				
Accounts payable - other	2199	\$ 6,153.08		2119
Other sundry	4190		\$ 1,294.00	2806
Contract training - other	4230		1,863.33	2806
Maintenance materials	4420		2,995.75	2806
(To reverse vendor payable setup in program)				
(4)				
Accounts receivable - BA	1135	\$ 28,682.47		1135
Accounts receivable - Springhill	1129.099		\$ 28,682.47	1129.099
(To reclassify receivable due from Property Management, not Springhill of Marion, LP)				

Capital Funds

(1)				
Accounts receivable - HUD	501-005-1125		\$ 12,827.49	501-005-1125
Accounts receivable - HUD	501-004-1125	\$ 33,665.29		501-004-1125
Accounts receivable - Low Rent	501-004-2119.041		64.00	501-004-2119.041
Accounts receivable - Low Rent	501-005-2119.041		318.98	501-005-2119.041
Deferred revenues	----		33,601.27	----
Grant revenues	501-004-3401		1,488.14	501-004-2801
Grant revenues	501-005-3401	16,711.59		501-005-2801
Invested in capital assets	501-004-2801	1,488.12		501-004-2801
Invested in capital assets	501-005-2801		3,565.12	501-005-2801
(To adjust accounts to actual)				

Voucher

(1)				
Accounts payable - HUD	2118	\$ 24,067.21		2118
HAP subsidy	3680		\$ 21,909.32	2806
Administrative subsidy	3685		2,658.44	2806
FSS	3685.01	500.55		2806
(To adjust subsidy per HUD disbursement notices @ 06/30/07)				

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2007**

<u>N/C - Hilltop Towers</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Contract training - other	4230	\$ 1,863.33		2806
Vendor and contractors	2111		\$ 1,863.33	2111
(To setup check #37002 as June expense that was paid in July)				
<u>Business Activities - Parkville</u>				
(1)				
Water	4310	\$ 542.16		2806
Sewer	4310.05	428.64		2806
Electricity - vacant	4320.01	169.17		2806
Accounts payable - other	2119		\$ 1,139.97	2119
(To setup check #1225 on June book as expense)				
(2)				
Accounts payable - other	2119	\$ 1,066.00		2119
A/C units	4610.032		\$ 1,066.00	2806
(To reverse prior year vendor payable)				
(3)				
Interest notes/bonds	5610	\$ 2,439.11		2806
Permanent note - MFSB	2312		\$ 2,439.11	2312
(To adjust bonds to actual)				
<u>Property Management</u>				
(1)				
Cash	1111.10	\$ 754.00		1111.10
Accounts payable - Springhill	2119.6		\$ 349.00	2119.6
Tenant accounts receivable	1122		405.00	1122
(To correct deposit made 06/29/07 and not posted until 07/01/07)				
(2)				
Accounts payable - Springhill	2119.6	\$ 28,682.47		2119.6
Due to/from Low Rent	2119.041		\$ 28,682.47	2119.041
(To reclassify payments made by LR - rents less expenses, due to Springhill in April, May & June 07)				
(3)				
Replacement of equipment	7520	\$ 15,422.20		2806
Accounts receivable - investors	1129.1		\$ 15,422.20	1129.1
(To correct receivable - amount never collected)				
(4)				
Cash - general fund	1111.00	\$ 98,711.00		1111
Accounts receivable	1129		\$ 98,711.00	1129
(To correct cash account, loan proceeds received and deposited 06/29/07, cleared bank 07/02/07. To reclassify as a deposit in transit.)				

**HOUSING AUTHORITY OF THE CITY OF MARION
MARION, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
JUNE 30, 2007**

<u>Property Management</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(5)				
Accounts payable - Springhill	2119.6	\$ 890.53		2119.6
Other income	3690		\$ 890.53	2806
(To adjust payable to amount actually remitted in July 07)				
(6)				
PILOT	2137	\$ 950.52		2137
Surplus	2806		\$ 950.52	2806
(To write off prior period property tax that is determine not to be lieb)				
(7)				
Interest expense	5610	\$ 1,911.61		2806
Notes payable - T.J. Homes	2385.1		\$ 1,911.61	2385.1
(To reclassify payment for Campus Corner loan)				
<u>State and Local</u>				
(1)				
Cash	1111.01	\$ 317.00		1111.01
Prepaid rent	2240		\$ 317.00	2240
(To properly account for cash payment made in June bank state and not acct on general ledger)				
(2)				
Interest expense - mortgage	5610	\$ 1,685.94		2806
Principle retired	2342		\$ 1,685.94	2342
(To adjust accounts to actual)				
(3)				
Note receivable - proj.	1685	\$ 1,911.61		1685
Accrued interest receivable	1145		\$ 1,911.61	1145
(To reclassify payment for Campus Corner loan)				

PHA: IN041 FYED: 06/30/2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$145,540	\$124,788	\$353,946	\$55,713	\$0	\$44,166	\$724,153
113	Cash - Other Restricted	\$0	\$0	\$0	\$118,280	\$0	\$0	\$118,280
114	Cash - Tenant Security Deposits	\$12,950	\$23,146	\$56,784	\$0	\$0	\$9,556	\$102,436
100	Total Cash	\$158,490	\$147,934	\$410,730	\$173,993	\$0	\$53,722	\$844,869
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$48,129	\$0	\$48,129
125	Accounts Receivable - Miscellaneous	\$11,575	\$0	\$217	\$0	\$0	\$0	\$11,792
126	Accounts Receivable - Tenants - Dwelling Rents	\$9,091	\$3,070	\$13,252	\$0	\$0	\$1,162	\$26,575
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-4,429	\$-864	\$-8,430	\$0	\$0	\$-557	\$-14,280
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$5,000	\$0	\$7,346	\$0	\$0	\$9,857	\$22,203
129	Accrued Interest Receivable	\$0	\$648	\$27,571	\$2,474	\$0	\$0	\$30,693
120	Total Receivables, net of allowances for doubtful accounts	\$21,237	\$2,854	\$39,956	\$2,474	\$48,129	\$10,462	\$125,112
131	Investments - Unrestricted	\$0	\$30,000	\$910,420	\$75,000	\$0	\$0	\$1,015,420
132	Investments Restricted	\$0	\$633,774	\$0	\$0	\$0	\$0	\$633,774
142	Prepaid Expenses and Other Assets	\$3,716	\$1,921	\$5,425	\$5,954	\$0	\$491	\$17,507
143	Inventories	\$0	\$1,690	\$14,029	\$0	\$0	\$0	\$15,719
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$20,585	\$270,736	\$0	\$0	\$117,412	\$408,733
150	Total Current Assets	\$183,443	\$838,758	\$1,651,296	\$257,421	\$48,129	\$182,087	\$3,161,134
161	Land	\$0	\$105,072	\$266,583	\$0	\$0	\$73,227	\$444,882
162	Buildings	\$1,279,750	\$2,432,311	\$5,477,306	\$0	\$0	\$1,563,443	\$10,752,810
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$5,148	\$274,600	\$0	\$453,432	\$0	\$733,180
164	Furniture, Equipment & Machinery - Administration	\$1,200	\$67,674	\$311,271	\$36,526	\$0	\$0	\$416,671
165	Leasehold Improvements	\$27,606	\$81,099	\$5,348,696	\$0	\$0	\$505,140	\$5,962,541
166	Accumulated Depreciation	\$-39,052	\$-1,701,916	\$-5,531,064	\$-25,714	\$0	\$-290,072	\$-7,587,818
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,269,504	\$989,388	\$6,147,392	\$10,812	\$453,432	\$1,851,738	\$10,722,266
171	Notes, Loans, & Mortgages Receivable - Non Current	\$40,000	\$0	\$116,424	\$0	\$0	\$83,126	\$239,550
180	Total Non-Current Assets	\$1,309,504	\$989,388	\$6,263,816	\$10,812	\$453,432	\$1,934,864	\$10,961,816
190	Total Assets	\$1,492,947	\$1,828,146	\$7,915,112	\$268,233	\$501,561	\$2,116,951	\$14,122,950
312	Accounts Payable <= 90 Days	\$14,612	\$1,863	\$7,934	\$0	\$0	\$0	\$24,409
321	Accrued Wage/Payroll Taxes Payable	\$1,457	\$1,899	\$10,997	\$2,604	\$0	\$463	\$17,420
322	Accrued Compensated Absences - Current Portion	\$3,033	\$1,319	\$5,205	\$1,380	\$0	\$275	\$11,212
325	Accrued Interest Payable	\$0	\$14,950	\$0	\$0	\$0	\$0	\$14,950
333	Accounts Payable - Other Government	\$46,866	\$19,449	\$43,754	\$0	\$0	\$0	\$110,069
341	Tenant Security Deposits	\$12,950	\$23,146	\$56,784	\$0	\$0	\$9,556	\$102,436
342	Deferred Revenues	\$189	\$640	\$446	\$0	\$33,601	\$712	\$35,588
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$56,166	\$145,000	\$0	\$0	\$0	\$13,942	\$215,108
345	Other Current Liabilities	\$17,027	\$0	\$0	\$0	\$0	\$0	\$17,027
347	Interprogram Due To	\$183,461	\$38,987	\$117,412	\$54,345	\$14,528	\$0	\$408,733
310	Total Current Liabilities	\$335,761	\$247,253	\$242,532	\$58,329	\$48,129	\$24,948	\$956,952
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$1,174,406	\$490,000	\$0	\$0	\$0	\$266,550	\$1,930,956
354	Accrued Compensated Absences - Non Current	\$1,031	\$11,875	\$46,843	\$12,421	\$0	\$2,476	\$74,646
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$15,988	\$0	\$0	\$15,988
350	Total Noncurrent Liabilities	\$1,175,437	\$501,875	\$46,843	\$28,409	\$0	\$269,026	\$2,021,590
300	Total Liabilities	\$1,511,198	\$749,128	\$289,375	\$86,738	\$48,129	\$293,974	\$2,978,542
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$38,932	\$354,388	\$6,147,392	\$10,812	\$453,432	\$1,571,246	\$8,576,202
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$633,774	\$0	\$102,292	\$0	\$0	\$736,066
512.1	Unrestricted Net Assets	\$-57,163	\$90,856	\$1,478,345	\$68,391	\$0	\$251,731	\$1,832,140
513	Total Equity/Net Assets	\$-18,251	\$1,079,018	\$7,625,737	\$181,495	\$453,432	\$1,822,977	\$11,144,408
600	Total Liabilities and Equity/Net Assets	\$1,492,947	\$1,828,146	\$7,915,112	\$268,233	\$501,561	\$2,116,951	\$14,122,950

703	Net Tenant Rental Revenue	\$250,914	\$447,354	\$591,424	\$0	\$0	\$112,856	\$1,402,548
704	Tenant Revenue - Other	\$17,494	\$5,111	\$22,269	\$0	\$0	\$4,602	\$49,476
705	Total Tenant Revenue	\$268,408	\$452,465	\$613,693	\$0	\$0	\$117,458	\$1,452,024
706	HUD PHA Operating Grants	\$0	\$0	\$472,994	\$1,832,274	\$95,904	\$0	\$2,401,172
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$188,593	\$0	\$188,593
711	Investment Income - Unrestricted	\$5,314	\$9,946	\$49,056	\$4,503	\$0	\$9,095	\$77,914
715	Other Revenue	\$44,900	\$4,860	\$9,903	\$7,400	\$0	\$0	\$67,063
720	Investment Income - Restricted	\$0	\$26,884	\$0	\$1,740	\$0	\$0	\$28,624
700	Total Revenue	\$318,622	\$494,155	\$1,145,646	\$1,845,917	\$284,497	\$126,553	\$4,215,390
911	Administrative Salaries	\$42,050	\$42,384	\$175,328	\$115,906	\$52,259	\$6,473	\$434,400
912	Auditing Fees	\$650	\$1,035	\$2,020	\$2,295	\$400	\$650	\$7,050
914	Compensated Absences	\$3,544	\$11,508	\$45,397	\$12,038	\$0	\$2,400	\$74,887
915	Employee Benefit Contributions - Administrative	\$18,373	\$16,957	\$79,623	\$53,553	\$1,801	\$2,940	\$173,247
916	Other Operating - Administrative	\$10,311	\$14,183	\$57,985	\$38,636	\$38,095	\$2,590	\$161,800
921	Tenant Services - Salaries	\$0	\$0	\$0	\$25,698	\$0	\$0	\$25,698
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$11,355	\$0	\$0	\$11,355
924	Tenant Services - Other	\$90	\$24,811	\$378	\$1,274	\$0	\$207	\$26,760
931	Water	\$12,291	\$11,693	\$30,672	\$0	\$0	\$97	\$54,753
932	Electricity	\$5,318	\$62,933	\$131,170	\$0	\$0	\$440	\$199,861
933	Gas	\$1,110	\$0	\$5,061	\$0	\$0	\$119	\$6,290
941	Ordinary Maintenance and Operations - Labor	\$35,526	\$43,942	\$157,458	\$0	\$1,175	\$15,261	\$253,362
942	Ordinary Maintenance and Operations - Materials and Other	\$8,131	\$14,231	\$50,474	\$0	\$2,174	\$3,073	\$78,083
943	Ordinary Maintenance and Operations - Contract Costs	\$3,513	\$7,812	\$35,268	\$0	\$0	\$5,646	\$52,239
945	Employee Benefit Contributions - Ordinary Maintenance	\$15,691	\$16,215	\$67,698	\$0	\$0	\$6,921	\$106,525
951	Protective Services - Labor	\$1,311	\$3,305	\$10,896	\$0	\$0	\$1,147	\$16,659
955	Employee Benefit Contributions - Protective Services	\$100	\$0	\$834	\$0	\$0	\$88	\$1,022
961	Insurance Premiums	\$17,150	\$21,996	\$74,430	\$5,983	\$0	\$7,932	\$127,491
962	Other General Expenses	\$8,438	\$2,057	\$0	\$0	\$0	\$0	\$10,495
963	Payments in Lieu of Taxes	\$31,554	\$19,450	\$43,754	\$0	\$0	\$0	\$94,758
964	Bad Debt - Tenant Rents	\$4,065	\$824	\$2,554	\$0	\$0	\$351	\$7,794
966	Bad Debt - Other	\$595	\$2,136	\$6,494	\$-500	\$0	\$350	\$9,075
967	Interest Expense	\$54,499	\$50,801	\$0	\$0	\$0	\$23,664	\$128,964
969	Total Operating Expenses	\$274,310	\$368,273	\$977,494	\$266,238	\$95,904	\$80,349	\$2,062,568
970	Excess Operating Revenue over Operating Expenses	\$44,312	\$125,882	\$168,152	\$1,579,679	\$188,593	\$46,204	\$2,152,822
971	Extraordinary Maintenance	\$103,904	\$55,410	\$6,434	\$0	\$0	\$2,858	\$168,606
972	Casualty Losses - Non-Capitalized	\$0	\$10,342	\$0	\$0	\$0	\$0	\$10,342
973	Housing Assistance Payments	\$0	\$0	\$0	\$1,560,865	\$0	\$0	\$1,560,865
974	Depreciation Expense	\$34,675	\$67,301	\$431,392	\$6,360	\$0	\$39,391	\$579,119
900	Total Expenses	\$412,889	\$501,326	\$1,415,320	\$1,833,463	\$95,904	\$122,598	\$4,381,500
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-94,267	\$-7,171	\$-269,674	\$12,454	\$188,593	\$3,955	\$-166,110
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$75,065	\$1,086,189	\$7,818,045	\$125,857	\$342,205	\$1,819,022	\$11,266,383
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$951	\$0	\$77,366	\$43,184	\$-77,366	\$0	\$44,135
1120	Unit Months Available	608	1,176	3,240	4,865	0	300	10,189
1121	Number of Unit Months Leased	583	1,146	3,196	4,666	0	297	9,888
1117	Administrative Fee Equity	\$0	\$0	\$0	\$79,203	\$0	\$0	\$79,203
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$102,292	\$0	\$0	\$102,292

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Date Submission Created: 04/18/2008

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