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May 14, 2009

Board of Commissioners
Michigan City Housing Authority
621 East Michigan Blvd.
Michigan City, IN 46360

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period October 1, 2005 to September 30, 2006. 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 Michigan City Housing Authority, as of September 30, 2006, 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.

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**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

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

TWELVE MONTHS ENDED SEPTEMBER 30, 2006

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Directors
Michigan City Housing Authority
Michigan City, Indiana

I have audited the accompanying basic financial statements of the Michigan City Housing Authority, as of and for the year ended September 30, 2006, as listed in the table of contents. These basic 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 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 basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Michigan City Housing Authority, as of September 30, 2006 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 28, 2007, on my consideration of the Authority's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulation, contracts and grants. The purpose of that report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 3 through 15 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 performed for the purpose of forming an opinion on the financial statements of the Michigan City Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Michigan City Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all materials respects, in relation to the basic financial statements taken as a whole.

Decatur, Illinois
February 28, 2007


Certified Public Accountant

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

3

The Housing Authority of the City of Michigan City, Indiana (“the Authority”) Management’s Discussion and Analysis Report is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (it’s ability to address the next and subsequent year challenges) and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis will be presented at the beginning of the basic financial statement each year.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, it should be read in conjunction with the Authority’s basic financial statements.

FINANCIAL HIGHLIGHTS

- ❖ The Authority’s net assets reflect a change in 2006. Since the Authority engages only in business-type activities, the increase is all the categories of business-type net assets. Net Assets were \$5.5 million and \$4.8 million for 2005 and 2006 respectively.
- ❖ The business-type activities revenue decreased by \$317,308 (or 10%) during 2006, and was \$3.1 million and \$2.8 million for 2005 and 2006 respectively.
- ❖ The total expenses of all Authority programs decreased by \$47,127 (or 1%). Total expenses were \$3.5 million and \$3.5 million for 2005 and 2006 respectively.
- ❖ The Authority had \$510,484 in Tenant Revenue, \$1,949,194 in HUD PHA Operating Grants and \$143,201 of HUD Capital Grants for the year ended September 30, 2006.
- ❖ Authority investments decreased by \$134,156 (or 13%) during the year. Total investments on September 30, 2006 were \$614,593.

USING THIS ANNUAL REPORT

The following is provided to outline the contents of the Authority's Management Discussion and Analysis Report. This report precedes and is required supplementary information to the Authority's basic financial statements for the annual period ending September 30, 2006.

❖ **Financial Statement Overview**

- Authority-Wide Financial Statements
- Fund Financial Statements
- The Authority's Fund

❖ **Authority-wide Statements**

- Table 1 – Statement of Net Assets and Statement Analysis
- Table 2 – Changes in Unrestricted Net Assets and Analysis
- Table 3- Statement of Revenues, Expenditures and Changes in Net Assets and Analysis Change
- Table 4-Capital Assets at Year End
- Table 5-Changes in Capital Assets
- Table 6-Outstanding Debt at Year End

❖ **Economic Factors Affecting the Authority**

❖ **Overview of Budgets**

❖ **MD&A Financial Contact**

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow reader to address relevant questions, broaden a basis for comparison (year to year, budget to actual) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net assets") is designed to represent the net available liquid(non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets on which constraints are placed by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, depreciation and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flow is included in the basic financial statements, which discloses net cash provided by or used for: operating activities, non-capital financing activities, and capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Funds

Business Type Funds

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant Funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Turnkey III Homeownership – Under Turnkey III Homeownership program, the Authority encourages self-sufficiency through homeownership. The housing units in this program are owned by the PHA. During the period of tenancy, the family makes "mortgage" payments based on their income and maintains their own property. In Turnkey III, the PHA compensates the family by crediting certain amounts budgeted for maintenance to family equity accounts. A non-routine maintenance reserve is established for each unit. When the family's income and equity accounts increased to the point where it could obtain permanent financing for the unit or when the equity account equaled the unamortized debt and closing costs, ownership is passed to the family. Turnkey homes are amortized over a thirty year period.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

Section 8 New Construction – The rents of some residential units are subsidized by HUD under the Section 8 New Construction (“New Construction”) Program. All such assistance is “project based”, i.e.; the subsidy is committed by HUD for the assisted units of a particular Mortgaged Property for a contractually determined period. New Construction provides rental assistance in connection with the development of newly constructed privately owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs. The maximum term of assistance provided by HUD under New Construction for a project financed with the proceeds of a loan insured by FHA is 20 years.

AUTHORITY-WIDE STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET ASSETS

	2006	2005	Variance	Percentage Change
Cash	948,566	659,362	289,204	43.9%
Other Current Assets	744,135	1,024,405	(280,270)	-27.4%
Capital Assets	3,339,215	4,050,057	(710,842)	-17.6%
Non Current Assets	0	0	0	0.0%
Total Assets	5,031,916	5,733,824	(701,908)	-12.2%
Current Liabilities	153,090	173,353	(20,263)	-11.7%
Long Term Liabilities	31,364	33,190	(1,826)	-5.5%
Total Liabilities	184,454	206,543	(22,089)	-10.7%
Net Invested in Capital Assets	3,339,215	4,050,057	(710,842)	-17.6%
Restricted Net Assets	0	0	0	0.0%
Unrestricted Net Assets	1,508,247	1,477,224	31,023	2.1%
Total Net Assets	4,847,462	5,527,281	(679,819)	-12.3%

Major Factors Affecting the Statement of Net Assets

Current assets decreased slightly during the year and other liabilities decreased). Current assets (primarily cash and investments) decreased due to the unavailability of excess operating revenues for investment.

Capital assets changed moderately, decreasing from \$4.1 million to \$3.3 million. The \$0.8 million decrease is primarily attributable to the current year depreciation and amortization (\$.1 million). For more detail see “Capital Assets and Debt Administration” below.

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the grants revenues generated from these programs during Fiscal Year Ending 2006 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$1,156,523
Section 8 Vouchers	\$1,344,076
Capital Fund Program	\$210,021
Business Activities	\$95,600

Statement of Change of Unrestricted Net Assets

The following table presents details on the change in Unrestricted Net Assets

TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets 09/30/05		\$ 1.5
Results of Operations	(.6)	
Adjustments:		
Depreciation (1)	0.8	
Adjusted Results from Operations		(.2)
Capital Expenditures		<u>.2</u>
Unrestricted Net Assets 09/30/06		<u>\$ 1.5</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

While the results of operations are a significant measure of the Authority's activities, the analysis of the change in Unrestricted Net Assets provides a clearer understanding of the Authority's financial stability.

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

Statement of Revenues, Expenses and Changes in Net Assets

The following compares the revenues and expenses for the current and previous year. The Authority is engaged only in Business-Type Activities.

TABLE 3

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS

	2006	2005	Variance	Percentage Change
Total Tenant Revenue	510,484	611,947	(101,463)	-16.6%
HUD Operating Grants	1,949,194	2,074,695	(125,501)	-6.0%
HUD Capital Grants	143,201	333,007	(189,806)	-57.0%
Other Grants	95,600	0	95,600	0.0%
Investment Income	36,837	20,399	16,438	80.6%
Fraud Recovery	0	0	0	0.0%
Other Revenue	73,323	78,515	(5,192)	-6.6%
Gain (Loss) on Sale of Fixed Assets	-2,419	4,965	(7,384)	-148.7%
Total Revenue	2,806,220	3,123,528	(317,308)	-10.2%

	2006	2005	Variance	Percentage Change
Administrative	590,463	603,072	(12,609)	-2.1%
Tenant Services	11,800	8,514	3,286	38.6%
Utilities	286,859	258,507	28,352	11.0%
Maintenance	462,495	458,290	4,205	0.9%
Protective Services	23,138	21,166	1,972	9.3%
General Expense	128,669	149,237	(20,568)	-13.8%
Extraordinary Maintenance	98,396	13,774	84,622	614.4%
Housing Assistance Payments	1,069,715	1,122,533	(52,818)	-4.7%
Depreciation Expense	820,406	903,975	(83,569)	-9.2%
Total Expenses	3,491,941	3,539,068	(47,127)	-1.3%

Major Factors Affecting the Change in Net Assets

Tenant revenue decreased. This decrease was primarily due to the change in the economic environment such as increased layoffs and plant relocation and the efforts of staff in maintaining a public housing occupancy rate of 99% and a Turnkey III occupancy rate of 97%.

While the Authority's Low Rent and Section 8 Programs incurred HUD funding cuts of over \$.4 million during the period, Capital Grant funding of high end capital improvements decreased by \$.2 resulting in entity wide revenue declining.

Total expenses decreased \$47.1 thousand. This decrease was primarily due to the elimination of staff personal and funding, and thus expenditures, for the Public Housing Drug Elimination Program and to insufficient funding to support full lease up of base line units in our Section 8 Housing Choice Voucher Program.

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

CAPITAL ASSETS AT YEAR END (NET OF DEPRECIATION)

As of year-end, the Authority had \$3.3 million invested in a variety of capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$0.8 thousand from the prior year-end.

TABLE 4
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2006	2005	Variance	Percentage Change
Land and land rights	368,422	372,548	(4,126)	-1.1%
Building	12,768,188	12,504,703	263,485	2.1%
Equipment - Administrative	189,281	185,043	4,238	2.3%
Equipment Dwelling	558,373	546,174	12,199	2.2%
Leasehold Improvements	897,834	897,834	0	0.0%
Construction in Progress	169,350	348,009	(178,659)	-51.3%
Total Fixed Assets	<u>14,951,448</u>	<u>14,854,311</u>	<u>97,137</u>	<u>0.7%</u>
Accumulated Depreciation	<u>11,612,233</u>	<u>10,804,254</u>	<u>807,979</u>	<u>7.5%</u>
Net Fixed Assets	<u><u>3,339,215</u></u>	<u><u>4,050,057</u></u>	<u><u>(710,842)</u></u>	<u><u>-17.6%</u></u>

Change in Capital Assets

The following reconciliation summarizes the change in Capital Assets:

TABLE 5
CHANGE IN CAPITAL ASSETS:

	<u>Business-Type Activities</u>
Beginning Balance	\$ 4,050,057
Additions	154,112
Retirements	(44,548)
Depreciation	<u>(820,406)</u>
Total	<u>\$ 3,339,215</u>

This year's major additions from Business-Type Activities are:

Capital Improvements	\$ 143,201
Equipment Purchases	\$ 10,911

Debt Outstanding

As of year-end, the Authority had no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- ❖ The uncertainty in the level of Federal funding available from the Department of Housing and Urban Development
- ❖ Local labor supply and demand, which can affect salary and wage rates
- ❖ Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income and vacancy rates
- ❖ Inflationary pressure on utility rates, supplies and other costs

Overview of Budgets

The authority adopts annual operating budgets for all programs. The budget for Low Rent Public Housing and Turnkey III Homeownership is adopted on the basis of accounting prescribed by the U. S. Department of Housing and Urban Development, which differs in some respect from generally accepted accounting principles. The Section 8 Voucher Program budget is approved by HUD's Section 8 Financial Management Center.

Low Rent Public Housing Budgetary Highlights

Results of Operations

Management prepared a budget that anticipated a loss (before depreciation, accrued compensated absences and net principal payment on debt) of \$217,312. Actual results of operation reflected a loss of \$133,148.

Tenant Rental Revenues were \$38,358 or 8% more than budgeted. This variance can be mainly attributed to higher rents charged as a result of higher resident income and the unsuccessful efforts of management to maintain an average occupancy rate of 98.8%.

Other Revenues under the budget amount by \$48,834. The decrease in revenue primarily resulted from management fees earned on nonprofit of occupied units, which were lower than initially estimated.

Operating Expenditures were over budget by \$27,599 or 20% variance in the bottom line. In administration, variance seems to be with travel and other expenses.

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

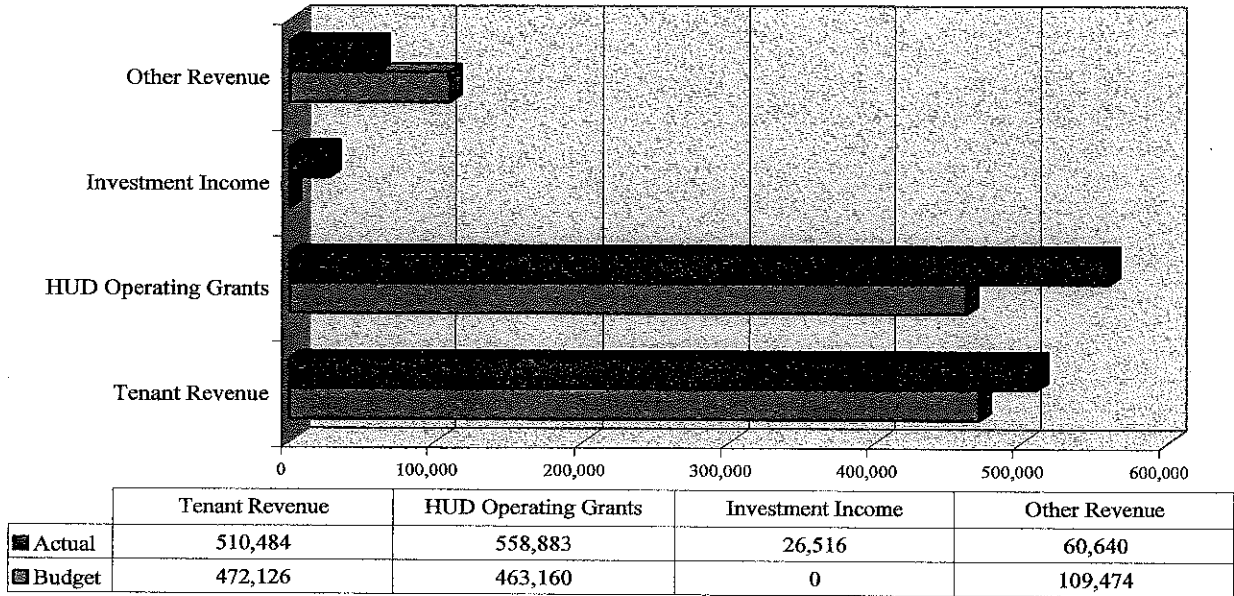
The following tables and graphs illustrate the Authority's effectiveness at estimating revenues and spending within budgeted parameters.

Comparison Budget vs. Actual – Low Rent Public Housing

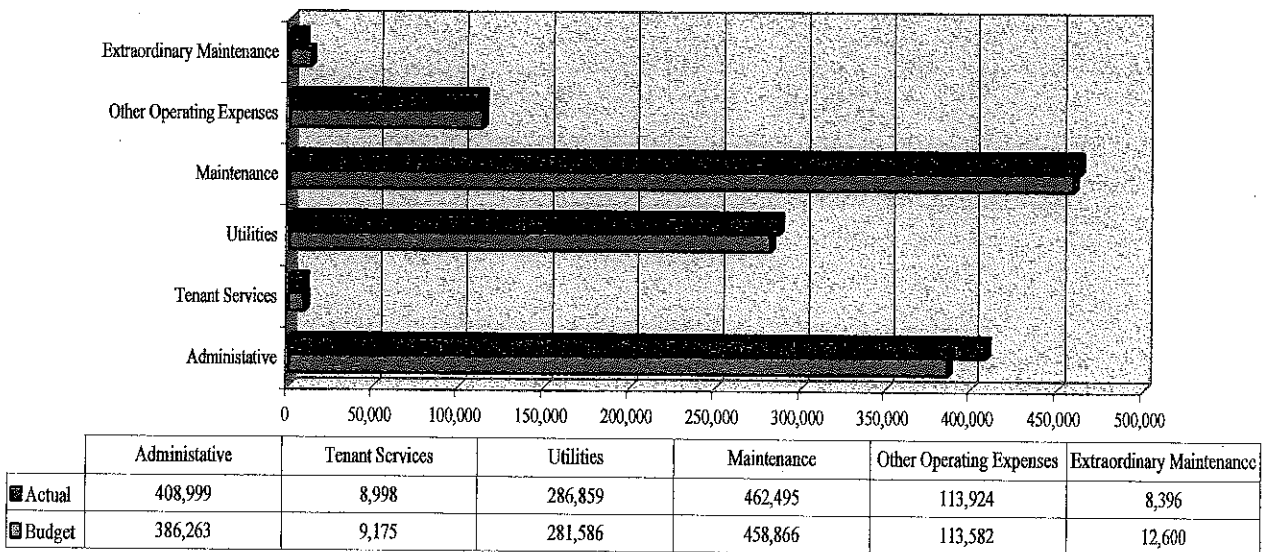
	Budget	Actual	Variance	Percentage Change
Tenant Revenue	472,126	510,484	(38,358)	-8%
HUD Operating Grants	463,160	558,883	(95,723)	-17%
Investment Income	0	26,516	(26,516)	-100%
Other Revenue	109,474	60,640	48,834	81%
Total Revenue	1,044,760	1,156,523	(111,763)	-10%
Administrative	386,263	408,999	(22,736)	-6%
Tenant Services	9,175	8,998	177	2%
Utilities	281,586	286,859	(5,273)	-2%
Maintenance	458,866	462,495	(3,629)	-1%
General Expense	113,582	113,924	(342)	0%
Extraordinary Maintenance	12,600	8,396	4,204	50%
Total Expenses	1,262,072	1,289,671	(27,599)	-2%
Net Income (Loss)	(217,312)	(133,148)	(84,164)	0%

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
 Year Ending September 30, 2006

**Low Rent Public Housing
 Budget vs. Actual Income**



**Low Rent Public Housing
 Budget vs. Actual Expenditures**



HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
Year Ending September 30, 2006

Section 8 Voucher Program Budgetary Background

The Section 8 administrative budget is determined by estimating the total dollars available under the Annual Contributions Contract with the U.S. Department of Housing and Urban Development to administer the program for the period. Annual Contributions available from HUD include funding for Housing Assistance Payments (HAP) to landlords and administrative, hard to house and audit fees earned by the Authority.

During the Authority's fiscal year, HUD's method of funding for the Section 8 Voucher Program changed.

Section 8 Program Budgetary Highlights

The Authority received \$130,056 in Admin Fees, as illustrated in the table below. The Authority experienced an operating increase of \$113,211 (before depreciation and accrued compensated absences).

Annual Contributions Required – Revenues

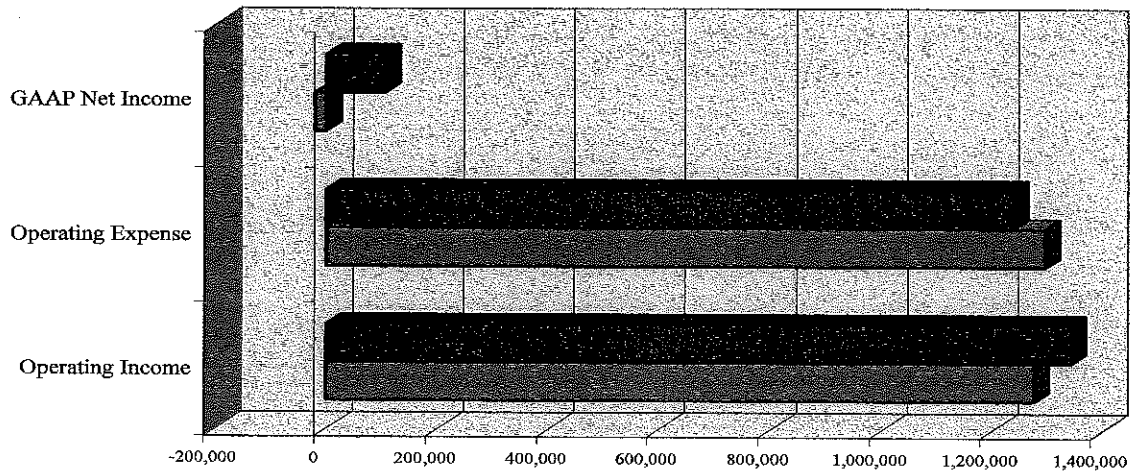
Housing Assistance Payments fell below expectations by \$84,377. This result suggests that the Authority leased almost the same number of units each month that was budgeted, when in fact the amount of funds available from HUD was more than originally expected. Although there was the uncertainty and subsequent insufficient funding provided by HUD, the Authority was able to maintain a 98% occupancy rate.

The following tables and graphs illustrate the Authority's effectiveness at estimating revenues within foreseeable parameters.

Comparison Budget vs Actual-Section 8 Housing Choice Voucher Program

	Budgeted	Actual	Variance
HUD A.C. Earned	\$1,275,905.00	\$1,193,435.00	\$82,470.00
Admin Fees Received	\$0.00	\$130,056.00	(\$130,056.00)
Interest Operating Reserve	\$0.00	\$6,882.00	(\$6,882.00)
Interest Income General Fund	\$0.00	\$3,439.00	(\$3,439.00)
Portable Admin Fees Earned	<u>\$0.00</u>	<u>\$10,264.00</u>	<u>(\$10,264.00)</u>
Total Operating Reserve	<u>\$1,275,905.00</u>	<u>\$1,344,076.00</u>	<u>(\$68,171.00)</u>
Operating Expenses:			
Routine Expenses	\$127,129.00	\$145,633.00	(\$18,504.00)
Housing Assistance Payments	\$1,154,092.00	\$1,069,715.00	\$84,377.00
Depreciation	\$0.00	\$7,911.00	(\$7,911.00)
Other Operating Expenses	<u>\$15,000.00</u>	<u>\$14,745.00</u>	<u>\$255.00</u>
Total Operating Expenses	<u>\$1,296,221.00</u>	<u>\$1,238,004.00</u>	<u>\$58,217.00</u>
Budget vs. Actual Income (Loss)	<u>(\$20,316.00)</u>	<u>\$106,072.00</u>	<u>(\$126,388.00)</u>

HOUSING AUTHORITY OF MICHIGAN CITY, INDIANA
MANAGEMENT DISCUSSION AND ANALYSIS
 Year Ending September 30, 2006



	Operating Income	Operating Expense	GAAP Net Income
■ Actual	1,344,076	1,238,004	106,072
■ Budget	1,275,905	1,296,221	-20,316

FINANCIAL CONTACT

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Executive Director.

Mrs. Lenda J. Wilson
 The Housing Authority of the City
 Of Michigan City, Indiana
 621 East Michigan Boulevard
 Michigan City, Indiana 46360
 (219) 872-7287
lenda@emcha.org
 fax: (219) 873-7700

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2006**

ASSETS

CURRENT ASSETS

Cash	\$ 948,566
Accounts receivable	63,992
Accrued interest receivable	147
Notes receivable	8,005
Investments	614,593
Inventory	15,701
Deferred charges	<u>41,697</u>

Total Current Assets \$ 1,692,701

CAPITAL ASSETS

Land, buildings and equipment	\$ 14,951,448
Less: Accumulated depreciation	<u>-11,612,233</u>

Net Capital Assets \$ 3,339,215

Total Assets \$ 5,031,916

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 68,964
Accrued liabilities	33,228
Trust and deposit liabilities	46,265
Deferred revenues	<u>4,633</u>

Total Current Liabilities \$ 153,090

NONCURRENT LIABILITIES

Accrued liabilities	<u>\$ 31,364</u>
---------------------	------------------

Total Noncurrent Liabilities \$ 31,364

NET ASSETS

Invested in capital assets	\$ 3,339,215
Unrestricted	<u>1,508,247</u>

Total Net Assets \$ 4,847,462

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

Operating Income

Tenant rental revenue	\$ 458,754
Tenant revenue - other	<u>51,730</u>
Total Rental Income	\$ 510,484
HUD grants - operating	1,949,194
Other government grants	95,600
Other revenue	73,323
Gain (loss) on sale of fixed assets	<u>-2,419</u>
Total Operating Income	<u>\$ 2,626,182</u>

Operating Expenses

Administration	\$ 590,463
Tenant services	11,800
Utilities	286,859
Ordinary maintenance and operation	462,495
Protective services	23,138
General expense	116,368
Extraordinary maintenance	98,396
Casualty losses	12,301
Housing assistance payments	1,069,715
Depreciation	<u>820,406</u>
Total Operating Expenses	<u>\$ 3,491,941</u>
Net Operating Income (Loss)	<u>\$ -865,759</u>

Nonoperating Income (Expense)

HUD grants - capital	\$ 143,201
Interest income	<u>36,837</u>
Total Nonoperating Income	<u>\$ 180,038</u>
Changes in net assets	\$ -685,721
Net assets, beginning of year	5,527,281
Prior period adjustments	<u>5,902</u>
Net assets, end of year	<u>\$ 4,847,462</u>

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

Operating Activities

Operating grants	\$ 2,378,577
Dwelling rental	517,259
Other revenue	70,904
Housing assistance payments	-1,069,715
Payments to employees	-578,854
Payments to suppliers and contractors	<u>-965,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 353,032</u>

Investing Activities

Investments (purchased) redeemed	\$ -134,156
Interest income	<u>36,690</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -97,466</u>

Capital and Related Financing Activities

HUD grants - capital	\$ 143,201
Acquisitions/dispositions of fixed assets	<u>-109,563</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 33,638</u>

Net Change in Cash	\$ 289,204
Cash Balance at September 30, 2005	<u>659,362</u>
Cash Balance at September 30, 2006	<u>\$ 948,566</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

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

Net operating income (loss)	\$ -865,759
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	820,406
Adjustments to net assets	5,902
(Increase) decrease in accounts receivable	653,138
(Increase) decrease in deferred charges	-15,847
(Increase) decrease in other assets	526
Increase (decrease) in accounts payable	-237,848
Increase (decrease) in accrued liabilities	-6,766
Increase (decrease) in deferred revenues	325
Increase (decrease) in other liabilities	<u>-1,045</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 353,032</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Michigan City Housing Authority was established by the City of Michigan City 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 Michigan City 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 Michigan City Housing Authority is a separate reporting entity. The Housing Authority has no component units in the current year.

MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(b) Michigan City Housing Development, Inc. -

The Michigan City Housing Development, Inc. was established by the Michigan City Housing Authority as a not-for-profit corporation.

The general purpose of this corporation is to advocate for and provide affordable housing, whether by rental or sale to individuals and families of low to moderate income pursuant to economic guidelines established by the United States Department of Housing and Urban Development. Educational services shall be provided prospective members of such identifiable groups for the purposes of teaching the principles of a home purchase and ownership to include asset management, home loan financing, income budgeting, home inspection and maintenance and such topics as deemed necessary to ensure initial and continued home ownership or home rental and such other lawful activity as granted by statute to a not-for-profit corporation pursuant to *Indiana Code § 23-17-4-1(a)*. Such corporation is organized exclusively for charitable and educational purposes and is governed by a separate Board of Directors.

During the fiscal year, all of the assets and related liabilities owned and operated as a separate not-for-profit entity, Michigan City Housing Development, Inc. was removed from the financial statements of the Housing Authority.

(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.

MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(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
- * 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 one month or less when purchased to be cash equivalents.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at September 30, 2006, 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.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) Investments -

Investments are stated at cost which approximates market.

(i) Fixed Assets -

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

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

Land, buildings and equipment contains the following:

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

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

Buildings	40	years
Equipment	3-7	years
Leasehold improvements	10-20	years

(j) Income Tax -

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

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(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.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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	\$ 726,671	\$ 734,515
Voucher	<u>221,895</u>	<u>225,072</u>
Total	<u>\$ 948,566</u>	<u>\$ 959,587</u>

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>Book Balance</u>	<u>Market Value</u>
Low Rent	\$ 514,593	\$ 514,593
Voucher	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 614,593</u>	<u>\$ 614,593</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 3 - Compensated Absences

All full time employees shall receive a paid vacation. Paid vacations will be granted to employees according to years of service. Vacation time may not be accumulated from one year to the next, and must be used within twelve (12) months after vesting. Employees will be paid at termination of employment for accumulated vacation credits, except under certain conditions.

Sick leave will accrue at the rate of one day per month or twelve days per year from the date non-probational status and may accumulate up to a maximum of sixty (60) days.

Note 4 - Defined Contribution Plan

The Housing Authority provides a pension plan for eligible full time employees. The Authority's contribution to the plan is a percent of each employee's annual compensation, and the Authority accounts for pension cost as incurred. Pension contributions totaled \$47,197 for the year ended September 30, 2006.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 13,220
Accounts receivable - HUD	30,163
Accounts receivable - other	<u>20,609</u>
Subtotal	\$ 63,992
Interfund	<u>65,155</u>
Total	<u>\$ 129,147</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 6 - Investments

At September 30, 2006 investments consist of the following:

<u>Low Rent</u>	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Money market account	1.0%	\$ 512,593	\$ 512,593
Certificate of deposit	2.0%	2,000	2,000
 <u>Voucher</u>			
Certificate of deposit	4.89%	<u>100,000</u>	<u>100,000</u>
Total		<u>\$ 614,593</u>	<u>\$ 614,593</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ 18,913
Other	<u>22,784</u>
Total	<u>\$ 41,697</u>

Note 8 - Fixed Assets

Balance as of September 30, 2006	\$ 3,339,215
Balance as of September 30, 2005	<u>4,050,057</u>
Net Increase (Decrease)	<u>\$ -710,842</u>

Reconciliation

Property betterments and additions	\$ 154,112
Loss from disposal of non-expendable property	-44,548
Current year depreciation expense	<u>-820,406</u>
Net Increase (Decrease)	<u>\$ -710,842</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 8 - Fixed Assets (Continued)

<u>Analysis</u>	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Land	\$ 372,548	\$ 0	\$ 4,126	\$ 368,422
Buildings	12,504,703	688,658	425,173	12,768,188
Equipment and furniture	731,217	26,522	10,085	747,654
Leasehold improvements	897,834	0	0	897,834
Construction in progress	<u>348,009</u>	<u>67,011</u>	<u>245,670</u>	<u>169,350</u>
Total	\$ 14,854,311	\$ 782,191	\$ 685,054	\$ 14,951,448
Accumulated depreciation	<u>-10,804,254</u>	<u>12,427</u>	<u>820,406</u>	<u>-11,612,233</u>
Total	<u>\$ 4,050,057</u>	<u>\$ 794,618</u>	<u>\$ 1,505,460</u>	<u>\$ 3,339,215</u>

Note 9 - Notes Receivable

This classification includes the following accounts:

Mortgage receivable	<u>\$ 8,005</u>
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Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 40,177
Tenants security deposits	10,077
Accounts payable - other	<u>18,710</u>
Subtotal	\$ 68,964
Interfund	<u>65,155</u>
Total	<u>\$ 134,119</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued salaries/wages	\$ 10,571
Accrued payroll taxes	798
Accrued compensated absences	<u>21,859</u>
 Total Current	 \$ 33,228

Noncurrent Portion:

Accrued compensated absences	<u>31,364</u>
 Total	 <u>\$ 64,592</u>

Note 12 - Trust and Deposit Liabilities

This classification consists of the following accounts:

Homebuyers ownership reserve	\$ 16,094
Homebuyers nonroutine maintenance reserve	28,736
Investment income - Homebuyers ownership reserve - unapplied	<u>1,435</u>
 Total	 <u>\$ 46,265</u>

Note 13 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	<u>\$ 4,633</u>
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**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 14 - Long Term Debt

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 at September 30, 1999 and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

Note 15 - 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 set by HUD on a calendar year basis.

Note 16 - 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.

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.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006
(CONTINUED)**

Note 18 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

HUD settlement	\$ 6,307
Accrued wages overstated	<u>-405</u>
Total	<u>\$ 5,902</u>

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 (74%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<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*	14.850	C-933	FYE 09/30/06	\$ 558,883	\$ 558,883	\$ 558,883
Public Housing - Capital Fund	14.872	C-933	FYE 09/30/06	\$ 1,050,132	\$ 210,021	\$ 210,021
Housing Choice Voucher Program*	14.871	C-2057V	FYE 09/30/06	\$ 1,323,491	\$ 1,323,491	\$ 1,323,491
Total Housing Assistance				\$ 2,932,506	\$ 2,092,395	\$ 2,092,395
CDBG - Housing Opportunities	14.228	-----	FYE 09/30/06	\$ 5,600	\$ 5,600	\$ 5,600
Total Assistance				\$ 2,938,106	\$ 2,097,995	\$ 2,097,995

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

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.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006**

ASSETS

	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
CURRENT ASSETS			
Cash	\$ 726,671	\$ 0	\$ 221,895
Accounts receivable	95,472	30,163	3,512
Accrued interest receivable	0	0	147
Notes receivable	8,005	0	0
Investments	514,593	0	100,000
Inventory	15,701	0	0
Deferred charges	<u>37,409</u>	<u>0</u>	<u>4,288</u>
 Total Current Assets	 <u>\$ 1,397,851</u>	 <u>\$ 30,163</u>	 <u>\$ 329,842</u>
 CAPITAL ASSETS			
Land, buildings and equipment	\$ 14,357,418	\$ 522,804	\$ 71,226
Less: Accumulated depreciation	<u>-11,523,056</u>	<u>-36,591</u>	<u>-52,586</u>
 Net Capital Assets	 <u>\$ 2,834,362</u>	 <u>\$ 486,213</u>	 <u>\$ 18,640</u>
 Total Assets	 <u>\$ 4,232,213</u>	 <u>\$ 516,376</u>	 <u>\$ 348,482</u>

LIABILITIES

CURRENT LIABILITIES			
Accounts payable	\$ 58,887	\$ 30,163	\$ 45,069
Accrued liabilities	29,843	0	3,385
Trust and deposit liabilities	46,265	0	0
Deferred revenue	<u>4,633</u>	<u>0</u>	<u>0</u>
 Total Current Liabilities	 <u>\$ 139,628</u>	 <u>\$ 30,163</u>	 <u>\$ 48,454</u>
 NONCURRENT LIABILITIES			
Accrued liabilities	\$ 26,390	\$ 0	\$ 4,974
 Total Noncurrent Liabilities	 <u>\$ 26,390</u>	 <u>\$ 0</u>	 <u>\$ 4,974</u>

NET ASSETS

Invested in capital assets	\$ 2,834,362	\$ 486,213	\$ 18,640
Unrestricted	<u>1,231,833</u>	<u>0</u>	<u>276,414</u>
 Total Net Assets	 <u>\$ 4,066,195</u>	 <u>\$ 486,213</u>	 <u>\$ 295,054</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006**

<u>ASSETS</u>	New <u>Construction</u>	Business <u>Activities</u>
CURRENT ASSETS		
Cash	\$ 0	\$ 0
Accounts receivable	0	0
Investments	0	0
Deferred charges	<u>0</u>	<u>0</u>
Total Current Assets	<u>\$ 0</u>	<u>\$ 0</u>
CAPITAL ASSETS		
Land, buildings and equipment	\$ 0	\$ 0
Less: Accumulated depreciation	<u>0</u>	<u>0</u>
Net Capital Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 0	\$ 0
Accrued liabilities	0	0
Notes payable	0	0
Deferred credits	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
 <u>NET ASSETS</u>		
Invested in capital assets	\$ 0	\$ 0
Unrestricted	<u>0</u>	<u>0</u>
Total Net Assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Tenant rental revenue	\$ 458,754	\$ 0	\$ 0
Tenant revenue - other	<u>51,730</u>	<u>0</u>	<u>0</u>
Total Rental Revenue	\$ 510,484	\$ 0	\$ 0
HUD grants - operating	558,883	66,820	1,323,491
Other revenue	63,059	0	10,264
Gain/loss on fixed assets	<u>-2,419</u>	<u>0</u>	<u>0</u>
Total Operating Income	<u>\$ 1,130,007</u>	<u>\$ 66,820</u>	<u>\$ 1,333,755</u>
 <u>Operating Expenses</u>			
Administration	\$ 408,999	\$ 30,231	\$ 145,633
Tenant services	8,998	2,802	0
Utilities	286,859	0	0
Ordinary maintenance and operation	462,495	0	0
Protective services	0	23,138	0
General expense	101,623	0	14,745
Extraordinary maintenance	8,396	0	0
Casualty losses - non capitalized	12,301	0	0
Housing assistance payments	0	0	1,069,715
Depreciation	<u>781,103</u>	<u>31,392</u>	<u>7,911</u>
Total Operating Expenses	<u>\$ 2,070,774</u>	<u>\$ 87,563</u>	<u>\$ 1,238,004</u>
Net Operating Income (Loss)	<u>\$ -940,767</u>	<u>\$ -20,743</u>	<u>\$ 95,751</u>
 <u>Nonoperating Income (Expense)</u>			
HUD grant - capital	\$ 0	\$ 143,201	\$ 0
Interest income	26,516	0	10,321
Transfer	<u>10,649</u>	<u>-10,649</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ 37,165</u>	<u>\$ 132,552</u>	<u>\$ 10,321</u>
Changes in Net Assets	<u>\$ -903,602</u>	<u>\$ 111,809</u>	<u>\$ 106,072</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Operating Income</u>	<u>New Construction</u>	<u>Business Activities</u>
Other government grants	\$ 0	\$ 95,600
Total Operating Income	<u>\$ 0</u>	<u>\$ 95,600</u>
 <u>Operating Expenses</u>		
Administration	\$ 0	\$ 5,600
Nonroutine maintenance	<u>0</u>	<u>90,000</u>
Total Operating Expenses	<u>\$ 0</u>	<u>\$ 95,600</u>
Net Operating Income (Loss)	<u>\$ 0</u>	<u>\$ 0</u>
Changes in Net Assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**CHANGES IN NET ASSETS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Invested in Capital Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Balance at September 30, 2005	\$ 3,307,586	\$ 715,921	\$ 26,550
Current year net income (loss)	-814,741	111,809	-7,910
Transfer	<u>341,517</u>	<u>-341,517</u>	<u>0</u>
Balance at September 30, 2006	<u>\$ 2,834,362</u>	<u>\$ 486,213</u>	<u>\$ 18,640</u>
 <u>Unrestricted</u>			
Balance at September 30, 2005	\$ 1,325,915	\$ 0	\$ 104,153
Current year net income (loss)	-88,861	0	113,982
Transfer	0	0	47,156
Prior period adjustments	<u>-5,221</u>	<u>0</u>	<u>11,123</u>
Balance at September 30, 2006	<u>\$ 1,231,833</u>	<u>\$ 0</u>	<u>\$ 276,414</u>
Total Net Assets	<u>\$ 4,066,195</u>	<u>\$ 486,213</u>	<u>\$ 295,054</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**CHANGES IN NET ASSETS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Unrestricted</u>	<u>New Construction</u>	<u>Business Activities</u>
Balance at September 30, 2005	\$ 47,156	\$ 0
Transfer	<u>-47,156</u>	<u>0</u>
Balance at September 30, 2006	<u>\$ 0</u>	<u>\$ 0</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Operating grants	\$ 729,672	\$ 248,466	\$ 1,317,183
Tenant revenue	517,259	0	0
Other revenue	60,640	0	10,264
Housing assistance payments	0	0	-1,069,715
Payments to employees	-478,774	-21,180	-78,900
Payments to suppliers and contractors	<u>-619,981</u>	<u>-216,637</u>	<u>-45,412</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 208,816</u>	<u>\$ 10,649</u>	<u>\$ 133,420</u>
 <u>Investing Activities</u>			
Investments (purchased) redeemed	\$ -34,156	\$ 0	\$ -100,000
Interest income	<u>26,516</u>	<u>0</u>	<u>10,321</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -7,640</u>	<u>\$ 0</u>	<u>\$ -89,679</u>
 <u>Capital and Related Financing Activities</u>			
HUD grants - capital	\$ 0	\$ 143,201	\$ 0
Acquisitions/dispositions to fixed assets	33,638	-143,201	0
Transfer	<u>10,649</u>	<u>-10,649</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 44,287</u>	<u>\$ -10,649</u>	<u>\$ 0</u>
Net Change in Cash	\$ 245,463	\$ 0	\$ 43,741
Cash Balance at September 30, 2005	<u>481,208</u>	<u>0</u>	<u>178,154</u>
Cash Balance at September 30, 2006	<u>\$ 726,671</u>	<u>\$ 0</u>	<u>\$ 221,895</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

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)	\$ -940,767	\$ -20,743	\$ 95,751
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	781,103	31,392	7,911
Adjustments to net assets	-5,221	0	58,279
(Increase) decrease in accounts receivable	388,825	181,646	19,651
(Increase) decrease in deferred charges	-15,868	0	21
(Increase) decrease in other assets	673	0	-147
Increase (decrease) in accounts payable	1,971	-181,646	-45,829
Increase (decrease) in accrued liabilities	-1,180	0	-2,217
Increase (decrease) in deferred revenues	325	0	0
Increase (decrease) in other liabilities	<u>-1,045</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 208,816</u>	<u>\$ 10,649</u>	<u>\$ 133,420</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Operating Activities</u>	<u>New Construction</u>	<u>Business Activities</u>
Operating grants	\$ -12,344	\$ 95,600
Payments to suppliers and contractors	<u>12,344</u>	<u>-95,600</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Cash	\$ 0	\$ 0
Cash Balance at September 30, 2005	<u>0</u>	<u>0</u>
Cash Balance at September 30, 2006	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>New Construction</u>	<u>Business Activities</u>
Net operating income (loss)	\$ 0	\$ 0
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Adjustment to net assets	-47,156	0
(Increase) decrease in accounts receivable	62,869	0
Increase (decrease) in accounts payable	-12,344	0
Increase (decrease) in accrued liabilities	<u>-3,369</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 0</u>	<u>\$ 0</u>

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P019501-03**

1. The Actual Modernization Costs of Phase IN36P019501-03 are as follows:

Funds approved	\$ 363,093
Funds expended	<u>363,093</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Project notes, non-HUD	\$ 363,093
Funds expended	<u>363,093</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, date November 10, 2005, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P019502-03**

1. The Actual Modernization Costs of Phase IN36P019502-03 are as follows:

Funds approved	\$ 76,689
Funds expended	<u>76,689</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Project notes, non-HUD	\$ 76,689
Funds expended	<u>76,689</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, date June 5, 2006, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

Board of Commissioners
Michigan City Housing Authority
Michigan City, Indiana

I have audited the financial statements of the Michigan City Housing Authority as of and for the year ended September 30, 2006, and have issued my report thereon dated February 28, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Michigan City Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Michigan City Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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.

Decatur, Illinois
February 28, 2007


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 Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Michigan City Housing Authority
Michigan City, Indiana

Compliance

I have audited the compliance of the Michigan City Housing Authority 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 September 30, 2006. Michigan City Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Michigan City Housing Authority's management. My responsibility is to express an opinion on Michigan City Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Michigan City Housing Authority'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 on Michigan City Housing Authority's compliance with those requirements.

In my opinion, the Housing Authority of the City of Michigan City 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 September 30, 2006. However, the results of my auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance

The management of Michigan City Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Michigan City Housing Authority's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the financial statements of the Michigan City Housing Authority of and for the year ended September 30, 2006, and have issued my report hereon dated February 28, 2007. My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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.

Decatur, Illinois
February 28, 2007


Certified Public Accountant

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Summary of Auditor's Results

Low Risk Auditee _____ yes X no

Financial Statements

Type of auditor's report: Unqualified

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

* Reportable condition(s) identified that are not
considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major programs:

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

* Reportable condition(s) identified that are not
considered to be material weaknesses? _____ yes X none reported

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

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

Major Programs: (Threshold \$300,000)

CFDA Number(s)

Public and Indian Housing	14.850
Housing Choice Voucher Program	14.871

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2005 contained no findings.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

There were no audit findings discussed with Lenda J. Wilson, Executive Director and members of the Board of Commissioners, during the course of the audit or at an exit conference held February 28, 2007.

**MICHIGAN CITY HOUSING AUTHORITY
MICHIGAN CITY, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
SEPTEMBER 30, 2006**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Metropolitan withholding	2117.9	\$ 1,878.36		n/a
General fund	1111.1		\$ 1,878.36	n/a
(To correct payment on check #85983 - PHA covered after 09/30/06)				
(2)				
General fund - BCBS	1111.2		\$ 75.20	1111.2
Employee benefits - admin.	4182	\$ 75.20		2806
(To record outstanding check #1736 - posted in October 2006 financials)				

PHA: IN019 FYED: 09/30/2006

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	Component Units	Total
111	Cash - Unrestricted	\$0	\$0	\$661,696	\$221,895	\$0	\$0	\$883,591
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$46,265	\$0	\$0	\$0	\$46,265
114	Cash - Tenant Security Deposits	\$0	\$0	\$18,710	\$0	\$0	\$0	\$18,710
100	Total Cash	\$0	\$0	\$726,671	\$221,895	\$0	\$0	\$948,566
121	Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$3,512	\$30,163	\$0	\$33,675
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$17,097	\$0	\$0	\$0	\$17,097
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$19,182	\$0	\$0	\$0	\$19,182
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$-5,962	\$0	\$0	\$0	\$-5,962
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$-1,029	\$0	\$0	\$0	\$-1,029
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$9,034	\$0	\$0	\$0	\$9,034
129	Accrued Interest Receivable	\$0	\$0	\$0	\$147	\$0	\$0	\$147
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$38,322	\$3,659	\$30,163	\$0	\$72,144
131	Investments - Unrestricted	\$0	\$0	\$514,593	\$100,000	\$0	\$0	\$614,593
142	Prepaid Expenses and Other Assets	\$0	\$0	\$37,409	\$4,288	\$0	\$0	\$41,697
143	Inventories	\$0	\$0	\$15,701	\$0	\$0	\$0	\$15,701
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$65,155	\$0	\$0	\$0	\$65,155
150	Total Current Assets	\$0	\$0	\$1,397,851	\$329,842	\$30,163	\$0	\$1,757,856
161	Land	\$0	\$0	\$368,422	\$0	\$0	\$0	\$368,422
162	Buildings	\$0	\$0	\$12,455,435	\$394	\$312,359	\$0	\$12,768,188
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$181,592	\$0	\$7,689	\$0	\$189,281
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$454,135	\$70,832	\$33,406	\$0	\$558,373
165	Leasehold Improvements	\$0	\$0	\$897,834	\$0	\$0	\$0	\$897,834
166	Accumulated Depreciation	\$0	\$0	\$-11,523,056	\$-52,586	\$-36,591	\$0	\$-11,612,233
167	Construction In Progress	\$0	\$0	\$0	\$0	\$169,350	\$0	\$169,350
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$2,834,362	\$18,640	\$486,213	\$0	\$3,339,215
180	Total Non-Current Assets	\$0	\$0	\$2,834,362	\$18,640	\$486,213	\$0	\$3,339,215
190	Total Assets	\$0	\$0	\$4,232,213	\$348,482	\$516,376	\$0	\$5,097,071

PHA: IN019 FYED: 09/30/2006

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	Component Units	Total
312	Accounts Payable <= 90 Days	\$0	\$0	\$40,177	\$0	\$0	\$0	\$40,177
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$11,369	\$0	\$0	\$0	\$11,369
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$18,474	\$3,385	\$0	\$0	\$21,859
332	Accounts Payable - PHA Projects	\$0	\$0	\$0	\$10,077	\$0	\$0	\$10,077
341	Tenant Security Deposits	\$0	\$0	\$18,710	\$0	\$0	\$0	\$18,710
342	Deferred Revenues	\$0	\$0	\$4,633	\$0	\$0	\$0	\$4,633
345	Other Current Liabilities	\$0	\$0	\$46,265	\$0	\$0	\$0	\$46,265
347	Interprogram Due To	\$0	\$0	\$0	\$34,992	\$30,163	\$0	\$65,155
310	Total Current Liabilities	\$0	\$0	\$139,628	\$48,454	\$30,163	\$0	\$218,245
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$26,390	\$4,974	\$0	\$0	\$31,364
350	Total Noncurrent Liabilities	\$0	\$0	\$26,390	\$4,974	\$0	\$0	\$31,364
300	Total Liabilities	\$0	\$0	\$166,018	\$53,428	\$30,163	\$0	\$249,609
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$2,834,362	\$18,640	\$486,213	\$0	\$3,339,215
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$0	\$1,231,833	\$276,414	\$0	\$0	\$1,508,247
513	Total Equity/Net Assets	\$0	\$0	\$4,066,195	\$295,054	\$486,213	\$0	\$4,847,462
600	Total Liabilities and Equity/Net Assets	\$0	\$0	\$4,232,213	\$348,482	\$516,376	\$0	\$5,097,071

PHA: IN019 FYED: 09/30/2006

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	Component Units	Total
703	Net Tenant Rental Revenue	\$0	\$0	\$458,754	\$0	\$0	\$0	\$458,754
704	Tenant Revenue - Other	\$0	\$0	\$51,730	\$0	\$0	\$0	\$51,730
705	Total Tenant Revenue	\$0	\$0	\$510,484	\$0	\$0	\$0	\$510,484
706	HUD PHA Operating Grants	\$0	\$0	\$558,883	\$1,323,491	\$66,820	\$0	\$1,949,194
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$143,201	\$0	\$143,201
708	Other Government Grants	\$95,600	\$0	\$0	\$0	\$0	\$0	\$95,600
711	Investment Income - Unrestricted	\$0	\$0	\$26,516	\$10,321	\$0	\$0	\$36,837
715	Other Revenue	\$0	\$0	\$63,059	\$10,264	\$0	\$0	\$73,323
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$-2,419	\$0	\$0	\$0	\$-2,419
700	Total Revenue	\$95,600	\$0	\$1,156,523	\$1,344,076	\$210,021	\$0	\$2,806,220

PHA: IN019 FYED: 09/30/2006

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	Component Units	Total
911	Administrative Salaries	\$0	\$0	\$210,038	\$77,455	\$0	\$0	\$287,493
912	Auditing Fees	\$0	\$0	\$4,731	\$0	\$0	\$0	\$4,731
914	Compensated Absences	\$0	\$0	\$2,203	\$-772	\$0	\$0	\$1,431
915	Employee Benefit Contributions - Administrative	\$5,600	\$0	\$93,107	\$30,806	\$0	\$0	\$129,513
916	Other Operating - Administrative	\$0	\$0	\$98,920	\$38,144	\$30,231	\$0	\$167,295
924	Tenant Services - Other	\$0	\$0	\$8,998	\$0	\$2,802	\$0	\$11,800
931	Water	\$0	\$0	\$20,902	\$0	\$0	\$0	\$20,902
932	Electricity	\$0	\$0	\$102,283	\$0	\$0	\$0	\$102,283
933	Gas	\$0	\$0	\$119,961	\$0	\$0	\$0	\$119,961
938	Other Utilities Expense	\$0	\$0	\$43,713	\$0	\$0	\$0	\$43,713
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$264,384	\$0	\$0	\$0	\$264,384
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$31,859	\$0	\$0	\$0	\$31,859
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$44,980	\$0	\$0	\$0	\$44,980
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$121,272	\$0	\$0	\$0	\$121,272
951	Protective Services - Labor	\$0	\$0	\$0	\$0	\$21,180	\$0	\$21,180
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$1,958	\$0	\$1,958
961	Insurance Premiums	\$0	\$0	\$66,500	\$12,242	\$0	\$0	\$78,742
962	Other General Expenses	\$0	\$0	\$20,225	\$2,503	\$0	\$0	\$22,728
963	Payments in Lieu of Taxes	\$0	\$0	\$90	\$0	\$0	\$0	\$90
964	Bad Debt - Tenant Rents	\$0	\$0	\$14,465	\$0	\$0	\$0	\$14,465
966	Bad Debt - Other	\$0	\$0	\$343	\$0	\$0	\$0	\$343
969	Total Operating Expenses	\$5,600	\$0	\$1,268,974	\$160,378	\$56,171	\$0	\$1,491,123
970	Excess Operating Revenue over Operating Expenses	\$90,000	\$0	\$-112,451	\$1,183,698	\$153,850	\$0	\$1,315,097
971	Extraordinary Maintenance	\$90,000	\$0	\$8,396	\$0	\$0	\$0	\$98,396
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$12,301	\$0	\$0	\$0	\$12,301
973	Housing Assistance Payments	\$0	\$0	\$0	\$1,069,715	\$0	\$0	\$1,069,715
974	Depreciation Expense	\$0	\$0	\$781,103	\$7,911	\$31,392	\$0	\$820,406
900	Total Expenses	\$95,600	\$0	\$2,070,774	\$1,238,004	\$87,563	\$0	\$3,491,941
1001	Operating Transfers In	\$0	\$0	\$10,649	\$0	\$0	\$0	\$10,649
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$-10,649	\$0	\$-10,649
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$10,649	\$0	\$-10,649	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$0	\$-903,602	\$106,072	\$111,809	\$0	\$-685,721

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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	Component Units	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$47,156	\$4,833,501	\$130,703	\$715,921	\$2,449,766	\$7,977,047
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$-47,156	\$336,296	\$58,279	\$-341,517	\$-2,449,766	\$-2,443,864
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$1,323,491	\$0	\$0	\$1,323,491
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$1,323,491	\$0	\$0	\$1,323,491
1120	Unit Months Available	0	0	2,315	2,963	0	0	5,278
1121	Number of Unit Months Leased	0	0	2,222	2,963	0	0	5,185
1117	Administrative Fee Equity	\$0	\$0	\$0	\$131,806	\$0	\$0	\$131,806
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$144,608	\$0	\$0	\$144,608

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