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May 15, 2009

Board of Commissioners
Linton Housing Authority
RR 2 Box 461
Linton, IN 47441-9601

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2004 to December 31, 2004. 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 Linton Housing Authority, as of December 31, 2004, 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.

We call your attention to the finding in the report. Page 34 contains the status of one prior year finding.

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**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2004

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Directors
Linton Housing Authority
Linton, Indiana

I have audited the accompanying basic financial statements of Linton Housing Authority, as of and for the year ended December 31, 2004, 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 Linton Housing Authority, as of December 31, 2004 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.

As described in Note 1 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and-Management's Discussion and Analysis-For State and Local Governments*, as of December 31, 2004. This results in a change to the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 27, 2005, 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. 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 7 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 Linton 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 Linton 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
September 27, 2005


Certified Public Accountant

**LINTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) of the Linton Housing Authority financial performance provides the reader an overview of the Authority's financial activities for the fiscal year ended December 31, 2004. The information contained in this MD & A should be considered in conjunction with the Authority's basic financial statements.

Basic Financial Statements

The purpose of financial reporting is to provide external parties that read these financial statements with information that will help them to make decisions or draw conclusions about the Authority. In accordance with required reporting standards, the Authority presents *government wide financial statements*.

The focus of *government wide financial statements* is on the overall financial position and activities of the Authority. The government wide financial statements are prepared using the accrual basis of accounting, which means that revenues are recognized when earned and expenses recorded when incurred. Assets and liabilities are segregated into short term, generally realized within a year or less, and long term.

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets presents information as of the end of the fiscal year on all the Authority's assets and liabilities with the difference between the two reported as net assets. Net assets are similar to the total owners' equity presented by a commercial enterprise.
- Statement of Revenues, Expenses, and Changes in Fund Net Assets presents the results of operations, net income or loss, of the Authority and any other increases or decreases in net assets for the fiscal year.
- Statement of Cash Flows presents information which reflects how the Authority's cash changed during the fiscal year. It shows the sources and uses of cash.

The Authority accounts for all of its activities as a single enterprise fund for financial reporting purposes.

Also included as an integral part of these basic financial statements are the accompanying notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**LINTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

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Relevant Current Economic Factors, Decisions and Conditions

The Authority owns and operates forty-nine residential rental units under the Low Rent Public Housing Program of the United States Department of Housing and Urban Development. (HUD). All tenants must be income qualified and/or elderly or disabled. The Authority maintains a waiting list for units which become available. We are not aware of any factors in the foreseeable future which would negatively impact occupancy.

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets (Statement of Net Assets)

Total Assets for FYE 2003 was \$1,680,821 and at FYE 2004 the amount was \$1,583,426. This represents a net decrease of \$97,395 or 6%. This decrease relates to depreciation charges of \$131,512. Total net current assets, which include cash, investments and receivables that are reduced by total liabilities, increased by \$1,309 or 1%.

Cash decreased by \$90,532. The decrease is directly associated with an increase in receivables (recognition of revenues prior to the actual cash being received.)

Other Current Assets increased by \$59,525. The Authority's receivable from HUD increased by \$55,977 and prepaid expenses increased by \$1,851.

Capital Assets decreased by \$66,358 which related to the increase in accumulated depreciation for the year of \$105,291.

Current Liabilities decreased \$34,413 of which \$23,126 was a repayment of amounts owed to the Department of Housing and Urban Development. Other decreases were related to recognition of deferred revenues during 2004.

**LINTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

The table on the below illustrates our analysis:

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>	<u>Percent Variance</u>
Current Assets	263,304	294,341	-31,037	-10.5%
Capital Assets	1,320,122	1,386,480	-66,358	-4.8%
Total Assets	<u>1,583,426</u>	<u>1,680,821</u>	<u>-97,395</u>	<u>-5.8%</u>
Current Liabilities	20,112	54,525	-34,413	-63.1%
Total Liabilities	<u>20,112</u>	<u>54,525</u>	<u>-34,413</u>	<u>-63.1%</u>
Net Invested in Capital Assets	1,320,122	1,386,480	-66,358	-4.8%
Restricted Net Assets	0	0	0	0.0%
Unrestricted Net Assets	243,192	239,816	3,376	1.4%
Total Net Assets	<u>1,563,314</u>	<u>1,626,296</u>	<u>-62,982</u>	<u>-3.9%</u>

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2004 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$184,178
Section 8 Vouchers	\$629,758
Capital Funds Program	\$72,593

**LINTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Total revenues for Fiscal Year Ending December 31, 2004 were \$886,529 as compared to the total revenues for Fiscal Year Ending December 31, 2003 of \$885,514. Comparatively, Fiscal Year Ending 2004 revenues exceeded Fiscal Year Ending 2003 revenues by \$1,015.

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>	<u>Percentage Change</u>
Total Tenant Revenue	80,781	72,103	8,678	12%
HUD Grants	799,399	808,112	-8,713	-1%
Other Revenue	6,349	5,299	1,050	20%
Total Revenue	<u>886,529</u>	<u>885,514</u>	<u>1,015</u>	<u>0%</u>

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2004 were \$958,820 as compared to \$958,233 of total expenditures for Fiscal Year Ending December 31, 2003. Comparatively, Fiscal Year Ending 2004 expenditures exceeded Fiscal Year Ending 2003 expenditures by \$587.

Administrative expenditures increased by \$5,398. Increased administrative expenses were incurred in the Section 8 Voucher program during 2004.

Utilities decreased by \$2,454 due to normal fluctuation of utility usage.

Maintenance and operation expenditures decreased by \$26,738. Fewer maintenance contracts were required during 2004 due to the amount of maintenance performed during 2003.

General Expense increased by \$9,487 due to increases in insurance costs and PILOT expense. During 2003, the City of Linton had forgiven the PILOT liability, but at the end of the 2004 fiscal year, the City had not forgiven the PILOT liability. It is anticipated that the 2004 liability will be forgiven subsequent to the year end.

**LINTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

The table below illustrates our analysis:

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	174,478	169,080	5,398	3%
Utilities	18,302	20,756	-2,454	-12%
Maintenance and Operation	80,025	107,363	-27,338	-26%
General	23,941	14,454	9,487	66%
Depreciation	131,512	108,855	22,657	21%
Total Expenses (excluding HAP)	<u>\$428,258</u>	<u>\$420,508</u>	<u>\$7,750</u>	<u>2%</u>

Capital Assets and Long Term Debt Activities

The Authority had a capital asset decrease of \$66,358 from the prior year due mostly to depreciation expense. Capital Funds were used to install cabinets, flooring and renovate units. Landscaping was improved and purchases including upgrading a mower and software.

Request for Information

This financial report is designed to provide various interested parties with a general overview of the Authority's finances. If you have any questions about this report or need additional information, contact the Authority's office at Linton Housing Authority, Rt. 2, Box 680, Linton, IN 47441.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUND
AS OF DECEMBER 31, 2004**

ASSETS

CURRENT ASSETS

Cash	\$ 195,870
Accounts receivable (interfund eliminated)	63,018
Inventory	1,131
Deferred charges	<u>3,285</u>

Total Current Assets \$ 263,304

CAPITAL ASSETS

Land, buildings and equipment	\$ 2,895,068
Less: Accumulated depreciation	<u>-1,574,946</u>

Net Capital Assets \$ 1,320,122

Total Assets \$ 1,583,426

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 19,753
Deferred revenue	<u>359</u>

Total Current Liabilities \$ 20,112

NET ASSETS

Unrestricted	\$ 243,192
Invested in capital assets	<u>1,320,122</u>

Total Net Assets \$ 1,563,314

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUND
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED DECEMBER 31, 2004**

Operating Income

Dwelling rental	\$ 80,781
Total Rental Income	\$ 80,781
HUD grants - operating	735,565
Other income	<u>3,492</u>
Total Operating Income	<u>\$ 819,838</u>

Operating Expenses

Administration	\$ 174,478
Utilities	18,302
Ordinary maintenance and operation	80,025
General expense	23,941
Depreciation	131,512
Housing assistance payments	<u>530,562</u>
Total Operating Expenses	<u>\$ 958,820</u>
Net Operating Income (Loss)	<u>\$ -138,982</u>

Nonoperating Income

HUD grants - capital	\$ 63,834
Interest income	<u>2,857</u>
Total Nonoperating Income	<u>\$ 66,691</u>
Changes in net assets	\$ -72,291
Net assets, beginning of year	1,626,296
Prior period adjustments	<u>9,309</u>
Net assets, end of year	<u><u>\$ 1,563,314</u></u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
TWELVE MONTHS ENDED DECEMBER 31, 2004**

Operating Activities

Operating grants	\$ 656,462
Dwelling rental	78,114
Other revenue	3,492
Housing assistance payments	-530,562
Payments to employees	-153,312
Payments to suppliers and contractors	<u>-146,263</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -92,069</u>

Investing Activities

(Additions) deletions to fixed assets	\$ -72,725
Disposal of fixed assets	7,571
Interest income	<u>2,857</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -62,297</u>

Financing Activities

HUD grants - capital	<u>\$ 63,834</u>
Net Cash Provided (Used) by Financing Activities	<u>\$ 63,834</u>
Net Change in Cash	\$ -90,532
Cash Balance at December 31, 2003	<u>286,402</u>
Cash Balance at December 31, 2004	<u><u>\$ 195,870</u></u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
TWELVE MONTHS ENDED DECEMBER 31, 2004**

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

Net operating income (loss)	\$ -138,982
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	131,512
Adjustments to net assets	9,309
(Increase) decrease in accounts receivable	-109,727
(Increase) decrease in deferred charges	-1,851
(Increase) decrease in inventories	240
Increase (decrease) in accounts payable	24,057
Increase (decrease) in accrued liabilities	-1,555
Increase (decrease) in deferred revenues	<u>-5,072</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -92,069</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Linton Housing Authority was established by the 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 Linton 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 Linton Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) 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

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.

(d) 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.

(e) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2004, 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.

(f) Inventories and Materials -

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

(g) Investments -

Investments are stated at cost which approximates market.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) 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	25	years
Equipment	5	years
Transportation equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	10	years

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(i) Income Tax -

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

(j) 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.

(k) The Housing Authority adopts a budget annually. The budget is submitted to the Department of Housing and Urban Development for approval. Subsequent budget revisions may also be required to be submitted to HUD for approval.

(l) 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.

(m) The Housing Authority adopted GASB #34 as of December 31, 2004.

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.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(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	\$ 82,680	\$ 89,751
Voucher	<u>113,190</u>	<u>113,914</u>
Total	<u>\$ 195,870</u>	<u>\$ 203,665</u>

Note 3 - Compensated Absences

A. Vacation Leave

(1) Vacation leave with pay shall be earned by all regular full time employees at the following rates:

Upon completion of one (1) year continuous service employees will earn one (1) weeks pay.

Upon completion of two (2) years continuous service employees will earn two (2) weeks pay.

Upon completion of ten (10) years continuous service employees will earn three (3) weeks pay. Continuous service defined as an employee who has worked for the same office or has worked for various county offices for ten continuous years or more.

(2) Employees shall not be granted pay in lieu of vacation.

(3) All vacation must be taken during the calendar year of eligibility.

(4) Employees who terminate without proper notification shall forfeit all right to vacation pay.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 3 - Compensated Absences (Continued)

B. Sick Leave

(1) Employees may be paid for leave taken because of illness or accident. An employee must work six (6) consecutive months before the employee becomes eligible for paid sick leave. All eligible employees shall be entitled to six (6) full days with pay for sick leave in any twelve (12) month period, which twelve month period shall be measured from anniversary date of such employee's employment. Any employee may accumulate his or her unused sick leave toward increasing the period of sick leave to which her or she is entitled in any given twelve months period, up to a maximum of twelve (12) days of sick leave in any given twelve (12) month period.

(2) Sick leave may be accumulated not to exceed twelve (12) days.

(3) In no event shall an employee be paid for sick leave not taken.

Note 4 - Defined Contribution Plan

The PHA participates in a defined contribution plan. The Housing Authority and the participants are required to contribute a percentage of annual covered payroll. The plan requires the Housing Authority and the employee to contribute 8.25% and 3% of covered wages, respectively. For the fiscal year ended December 31, 2004, actual contributions by the Housing Authority and the employees were \$9,477 and \$3,074, respectively.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>	<u>Total</u>
Tenants accounts receivable	\$ 3,223	\$ 0	\$ 0	\$ 3,223
Allowance for doubtful accounts	-780	0	0	-780
HUD	<u>0</u>	<u>58,470</u>	<u>2,105</u>	<u>60,575</u>
Subtotal	\$ 2,443	\$ 58,470	\$ 2,105	\$ 63,018
Interfund	<u>79,963</u>	<u>0</u>	<u>0</u>	<u>79,963</u>
Total	<u>\$ 82,406</u>	<u>\$ 58,470</u>	<u>\$ 2,105</u>	<u>\$ 142,981</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 6 - Deferred Charges

This classification includes the following accounts:

	<u>Low Rent</u>
Prepaid insurance	\$ <u>3,285</u>

Note 7 - Fixed Assets

	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>	<u>Total</u>
Balance as of December 31, 2004	\$ 1,214,142	\$ 105,980	\$ 0	\$ 1,320,122
Balance as of December 31, 2003	<u>1,329,194</u>	<u>57,286</u>	<u>0</u>	<u>1,386,480</u>
Net Increase (Decrease)	<u>\$ -115,052</u>	<u>\$ 48,694</u>	<u>\$ 0</u>	<u>\$ -66,358</u>

Reconciliation

Property betterments/additions	\$ 8,891	\$ 63,834	\$ 0	\$ 72,725
Dispositions	-7,571	0	0	-7,571
Current year depreciation expense	<u>-116,372</u>	<u>-15,140</u>	<u>0</u>	<u>-131,512</u>
Net Increase (Decrease)	<u>\$ -115,052</u>	<u>\$ 48,694</u>	<u>\$ 0</u>	<u>\$ -66,358</u>

Analysis

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Land	\$ 241,073	\$ 39,920	\$ 0	\$ 280,993
Buildings	2,438,843	53,584	28,990	2,463,437
Equipment and furniture	<u>176,219</u>	<u>19,141</u>	<u>44,722</u>	<u>150,638</u>
Total	<u>\$ 2,856,135</u>	<u>\$ 112,645</u>	<u>\$ 73,712</u>	<u>\$ 2,895,068</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 8 - Accounts Payable

This classification includes the following accounts:

	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>	<u>Total</u>
Vendors and contractors	\$ 3,142	\$ 0	\$ 2,050	\$ 5,192
Tenants security deposits	7,600	0	0	7,600
Payroll taxes payable	<u>6,961</u>	<u>0</u>	<u>0</u>	<u>6,961</u>
Subtotal	\$ 17,703	\$ 0	\$ 2,050	\$ 19,753
Interfund	<u>0</u>	<u>58,470</u>	<u>21,493</u>	<u>79,963</u>
Total	<u>\$ 17,703</u>	<u>\$ 58,470</u>	<u>\$ 23,543</u>	<u>\$ 99,716</u>

Note 9 - Notes Payable

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.

Note 10 - Deferred Revenue

This classification consists of the following accounts:

	<u>Low Rent</u>
Tenants prepaid rent	<u>\$ 359</u>

Note 11 - 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 \$35.65 for each unit-month under HAP contract.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2004
(CONTINUED)**

Note 12 - 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 13 - 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 14 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Write off of PILOT - forgiven	\$	6,084
To adjust prior years accounts payable		3,331
HUD adjustment		<u>-106</u>
	<u>\$</u>	<u>9,309</u>

Note 15 - 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 disaster and defalcation.

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

Note 16 - Economic Dependency

The Housing Authority received most of its revenue (90%) from the Units States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<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:						
			FYE			
Public and Indian Housing	14.850	C-2080	12/31/04	\$ 98,917	\$ 98,917	\$ 98,917
			FYE			
Housing Choice Voucher Program*	14.871	C2021V	12/31/04	\$ 627,889	\$ 627,889	\$ 627,889
			FYE			
Public Housing - Capital Fund	14.872	C-2080	12/31/04	\$ 162,745	\$ 72,593	\$ 72,593
				<u>\$ 889,551</u>	<u>\$ 799,399</u>	<u>\$ 799,399</u>
Total Housing Assistance						

*Denotes major program.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2004**

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
CURRENT ASSETS			
Cash	\$ 82,680	\$ 0	\$ 113,190
Accounts receivable	82,406	58,470	2,105
Inventory	1,131	0	0
Deferred charges	<u>3,285</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>\$ 169,502</u>	<u>\$ 58,470</u>	<u>\$ 115,295</u>
CAPITAL ASSETS			
Land, buildings and equipment	\$ 2,727,952	\$ 127,485	\$ 39,631
Less: Accumulated depreciation	<u>-1,513,810</u>	<u>-21,505</u>	<u>-39,631</u>
Net Capital Assets	<u>\$ 1,214,142</u>	<u>\$ 105,980</u>	<u>\$ 0</u>
Total Assets	<u>\$ 1,383,644</u>	<u>\$ 164,450</u>	<u>\$ 115,295</u>
 <u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 17,703	\$ 58,470	\$ 23,543
Deferred revenue	<u>359</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>\$ 18,062</u>	<u>\$ 58,470</u>	<u>\$ 23,543</u>
 <u>NET ASSETS</u>			
Unrestricted	\$ 151,440	\$ 0	\$ 91,752
Invested in capital assets	<u>1,214,142</u>	<u>105,980</u>	<u>0</u>
Total Net Assets	<u>\$ 1,365,582</u>	<u>\$ 105,980</u>	<u>\$ 91,752</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Dwelling rental	\$ 80,781	\$ 0	\$ 0
Total Rental Income	\$ 80,781	\$ 0	\$ 0
HUD grants - operating	98,917	8,759	627,889
Other income	<u>3,492</u>	<u>0</u>	<u>0</u>
Total Operating Income	\$ <u>183,910</u>	\$ <u>8,759</u>	\$ <u>627,889</u>
 <u>Operating Expenses</u>			
Administration	\$ 70,362	\$ 3,123	\$ 100,993
Utilities	18,302	0	0
Ordinary maintenance and operation	74,389	5,636	0
General expense	23,285	0	656
Depreciation	116,372	15,140	0
Housing assistance payments	<u>0</u>	<u>0</u>	<u>530,562</u>
Total Operating Expenses	\$ <u>302,710</u>	\$ <u>23,899</u>	\$ <u>632,211</u>
Net Operating Income (Loss)	\$ <u>-119,520</u>	\$ <u>-15,140</u>	\$ <u>-4,322</u>
 <u>Nonoperating Income</u>			
HUD grants - capital	\$ 0	\$ 63,834	\$ 0
Interest income	<u>988</u>	<u>0</u>	<u>1,869</u>
Total Nonoperating Income	\$ <u>988</u>	\$ <u>63,834</u>	\$ <u>1,869</u>
Changes in Net Assets	<u>\$ -118,532</u>	<u>\$ 48,694</u>	<u>\$ -2,453</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Net HUD/PHA Contributions</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Balance at December 31, 2003	\$ 2,616,675	\$ 0	\$ 0
GASB #34 transfer	<u>-2,616,675</u>	<u>0</u>	<u>0</u>
Balance at December 31, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Undesignated Fund Balance</u>			
Balance at December 31, 2003	\$ -1,141,976	\$ 57,286	\$ 94,311
Current year net income (loss)	-118,532	48,694	-2,453
GASB #34 transfer	1,251,093	-105,980	-91,752
HUD adjustments	0	0	-106
Prior year adjustments	<u>9,415</u>	<u>0</u>	<u>0</u>
Balance at December 31, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Unrestricted Net Assets</u>			
Balance at December 31, 2003	\$ 0	\$ 0	\$ 0
Prior year adjustments	<u>151,440</u>	<u>0</u>	<u>91,752</u>
Balance at December 31, 2004	<u>\$ 151,440</u>	<u>\$ 0</u>	<u>\$ 91,752</u>
 <u>Invested in Capital Assets</u>			
Balance at December 31, 2003	\$ 0	\$ 0	\$ 0
Prior year adjustments	<u>1,214,142</u>	<u>105,980</u>	<u>0</u>
Balance at December 31, 2004	<u>\$ 1,214,142</u>	<u>\$ 105,980</u>	<u>\$ 0</u>
Total Surplus	<u>\$ 1,365,582</u>	<u>\$ 105,980</u>	<u>\$ 91,752</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Operating grants	\$ 98,917	\$ -45,113	\$ 602,658
Dwelling rental	78,114	0	0
Other revenue	3,492	0	0
Housing assistance payments	0	0	-530,562
Payments to employees	-69,3385	0	-83,974
Payments to suppliers and contractors	<u>-167,829</u>	<u>45,113</u>	<u>-23,547</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -56,644</u>	<u>\$ 0</u>	<u>\$ -35,425</u>
 <u>Investing Activities</u>			
(Additions) deletions to fixed assets	\$ -8,891	\$ -63,834	\$ 0
Disposal of fixed assets	7,571	0	0
Interest income	<u>988</u>	<u>0</u>	<u>1,869</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -332</u>	<u>\$ -63,834</u>	<u>\$ 1,869</u>
 <u>Financing Activities</u>			
HUD grants - capital	<u>\$ 0</u>	<u>\$ 63,834</u>	<u>\$ 0</u>
Net Cash Provided (Used) by Financing Activities	<u>\$ 0</u>	<u>\$ 63,834</u>	<u>\$ 0</u>
Net Change in Cash	\$ -59,976	\$ 0	\$ -33,556
Cash Balance at December 31, 2003	<u>139,656</u>	<u>0</u>	<u>\$ 146,476</u>
Cash Balance at December 31, 2004	<u>\$ 82,680</u>	<u>\$ 0</u>	<u>\$ 113,190</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2004**

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)	\$ -119,520	\$ -15,140	\$ -4,322
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	116,372	15,140	0
Adjustments to net assets	9,415	0	-106
(Increase) decrease in accounts receivable	-53,750	-53,872	-2,105
(Increase) decrease in deferred charges	-1,851	0	0
(Increase) decrease in inventories	240	0	0
Increase (decrease) in accounts payable	-5,210	58,159	-28,892
Increase (decrease) in accrued liabilities	-1,555	0	0
Increase (decrease) in deferred revenues	-785	-4,287	0
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -56,644</u>	<u>\$ 0</u>	<u>\$ -35,425</u>

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P055501-03**

1. The Actual Modernization Costs of Phase IN36P055501-03 are as follows:

Funds approved	\$ 68,340
Funds expended	<u>68,340</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Project notes, non-HUD	\$ 68,340
Funds expended	<u>68,340</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated November 12, 2004, 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.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P055502-03**

1. The Actual Modernization Costs of Phase IN36P055502-03 are as follows:

Funds approved	\$ 14,434
Funds expended	<u>14,434</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Project notes, non-HUD	\$ 14,434
Funds expended	<u>14,434</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated November 12, 2004, 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
Linton Housing Authority
Linton, Indiana

I have audited the financial statements of Linton Housing Authority as of and for the year ended December 31, 2004, and have issued my report thereon dated September 27, 2005. 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 Linton 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Linton 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
September 27, 2005



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
Linton Housing Authority
Linton, Indiana

Compliance

I have audited the compliance of Linton 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 December 31, 2004. Linton 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 Linton Housing Authority's management. My responsibility is to express an opinion on Linton 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 Linton 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 Linton Housing Authority's compliance with those requirements.

In my opinion, Linton Housing Authority 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 December 31, 2004.

Internal Control Over Compliance

The management of Linton 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 Linton 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 Linton Housing Authority of and for the year ended December 31, 2004, and have issued my report hereon dated September 27, 2005. 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
September 27, 2005


Certified Public Accountant

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2004**

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: Qualified

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)

Housing Choice Voucher Program

14.871

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2003 contained one finding.

Finding 1: Lack of Physical Inventories of Fixed Assets

Physical counts were not taken of all furniture, fixtures and equipment in the prior year. During 2004, the Housing Authority took a complete physical inventory of all equipment and supplies. This finding is considered closed.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

There were no audit findings discussed with J. Ken Wright, Executive Director, during the course of the audit and at an exit conference held September 27, 2005.

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2004**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Due from Section 8	1129	\$ 1,337.50		1129
Audit fee	4170		\$ 1,337.50	2806
(To reclassify 2003 audit fee paid)				
(2)				
Audit fee	4170	\$ 1,690.00		2806
Accounts payable - vendors	2111		\$ 1,690.00	2111
(To record Low Rent share of audit fee)				
(3)				
Equipment	1400.2	\$ 3,311.00		1400
Extraordinary maintenance	4610		\$ 3,269.00	2806
Contract costs	4430		42.00	2806
(To adjust fixed asset basis per trade in of 2003 mower for a 2004 mower)				
(4)				
Accounts payable - vendors	2111	\$ 6,824.77		2111
Accounting and auditing	4170		\$ 555.00	2806
Maintenance materials	4420		1,303.50	2806
Retained earnings	2806		3,330.00	2806
Other (sewage)	4390		1,636.27	2806
(To reverse prior year payables)				
(5)				
Administrative - employee benefits	4540	\$ 1,687.21		2806
Maintenance - employee benefits	4540	1,437.26		2806
Payroll withholding	2117		\$ 3,124.47	2117
(To set up Perf check as payable)				
(6)				
PILOT	2137	\$ 6,084.00		2137
Retained earnings	2806		\$ 6,084.00	2806
(To record waiver of PILOT by the City)				

**LINTON HOUSING AUTHORITY
LINTON, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2004**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(7)				
Accrued wages	2131	\$ 1,554.88		2131
Administrative - salaries	4110		\$ 1,082.52	2806
Maintenance - salaries	4410		361.86	2806
Administrative - employee benefits	4540		59.67	2806
Maintenance - employee benefits	4540		50.83	2806
(To reverse accrued wages from fiscal year 12/31/03)				
<u>Voucher</u>				
(1)				
Accounts payable - HUD	2118	\$ 8,640.00		2118
Accounts receivable - HUD	1125	2,105.00		1125
HUD subsidy	----		\$ 10,745.00	2806
(To record HUD YES adjustments)				

PHA: IN055 FYED: 12/31/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$75,080	\$113,190	\$0	\$188,270
114	Cash - Tenant Security Deposits	\$7,600	\$0	\$0	\$7,600
100	Total Cash	\$82,680	\$113,190	\$0	\$195,870
122	Accounts Receivable - HUD Other Projects	\$0	\$2,105	\$58,470	\$60,575
126	Accounts Receivable - Tenants - Dwelling Rents	\$3,223	\$0	\$0	\$3,223
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-780	\$0	\$0	\$-780
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$2,443	\$2,105	\$58,470	\$63,018
142	Prepaid Expenses and Other Assets	\$3,285	\$0	\$0	\$3,285
143	Inventories	\$1,131	\$0	\$0	\$1,131
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$79,963	\$0	\$0	\$79,963
150	Total Current Assets	\$169,502	\$115,295	\$58,470	\$343,267
161	Land	\$280,993	\$0	\$0	\$280,993
162	Buildings	\$2,346,202	\$39,631	\$117,235	\$2,503,068
164	Furniture, Equipment & Machinery - Administration	\$100,757	\$0	\$10,250	\$111,007
165	Leasehold Improvements	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$-1,513,810	\$-39,631	\$-21,505	\$-1,574,946
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,214,142	\$0	\$105,980	\$1,320,122
180	Total Non-Current Assets	\$1,214,142	\$0	\$105,980	\$1,320,122
190	Total Assets	\$1,383,644	\$115,295	\$164,450	\$1,663,389

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$3,142	\$2,050	\$0	\$5,192
321	Accrued Wage/Payroll Taxes Payable	\$6,961	\$0	\$0	\$6,961
341	Tenant Security Deposits	\$7,600	\$0	\$0	\$7,600
342	Deferred Revenues	\$359	\$0	\$0	\$359
347	Interprogram Due To	\$0	\$21,493	\$58,470	\$79,963
310	Total Current Liabilities	\$18,062	\$23,543	\$58,470	\$100,075
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0
300	Total Liabilities	\$18,062	\$23,543	\$58,470	\$100,075
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,214,142	\$0	\$105,980	\$1,320,122
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$151,440	\$91,752	\$0	\$243,192
513	Total Equity/Net Assets	\$1,365,582	\$91,752	\$105,980	\$1,563,314
600	Total Liabilities and Equity/Net Assets	\$1,383,644	\$115,295	\$164,450	\$1,663,389

PHA: IN055 FYED: 12/31/2004

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$80,781	\$0	\$0	\$80,781
705	Total Tenant Revenue	\$80,781	\$0	\$0	\$80,781
706	HUD PHA Operating Grants	\$98,917	\$627,889	\$8,759	\$735,565
706.1	Capital Grants	\$0	\$0	\$63,834	\$63,834
711	Investment Income - Unrestricted	\$988	\$1,869	\$0	\$2,857
715	Other Revenue	\$3,492	\$0	\$0	\$3,492
700	Total Revenue	\$184,178	\$629,758	\$72,593	\$886,529

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$34,020	\$64,666	\$0	\$98,686
912	Auditing Fees	\$1,135	\$1,338	\$0	\$2,473
915	Employee Benefit Contributions - Administrative	\$19,233	\$19,308	\$0	\$37,541
916	Other Operating - Administrative	\$16,974	\$15,681	\$3,123	\$35,778
931	Water	\$5,963	\$0	\$0	\$5,963
932	Electricity	\$3,330	\$0	\$0	\$3,330
933	Gas	\$763	\$0	\$0	\$763
938	Other Utilities Expense	\$8,246	\$0	\$0	\$8,246
941	Ordinary Maintenance and Operations - Labor	\$29,544	\$0	\$0	\$29,544
942	Ordinary Maintenance and Operations - Materials and Other	\$12,837	\$0	\$636	\$13,473
943	Ordinary Maintenance and Operations - Contract Costs	\$16,477	\$0	\$5,000	\$21,477
945	Employee Benefit Contributions - Ordinary Maintenance	\$15,531	\$0	\$0	\$15,531
961	Insurance Premiums	\$16,948	\$656	\$0	\$17,604
963	Payments in Lieu of Taxes	\$6,084	\$0	\$0	\$6,084
964	Bad Debt - Tenant Rents	\$253	\$0	\$0	\$253
969	Total Operating Expenses	\$186,338	\$101,649	\$8,759	\$296,746
970	Excess Operating Revenue over Operating Expenses	\$-2,160	\$528,109	\$63,834	\$589,783
973	Housing Assistance Payments	\$0	\$530,562	\$0	\$530,562
974	Depreciation Expense	\$116,372	\$0	\$15,140	\$131,512
900	Total Expenses	\$302,710	\$632,211	\$23,899	\$958,820
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-118,532	\$-2,453	\$48,694	\$-72,291

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$7,474,699	\$94,311	\$57,286	\$1,626,296
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,415	\$-106	\$0	\$9,309
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$625,784	\$0	\$625,784
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$94,205	\$0	\$94,205
1116	Total Annual Contributions Available	\$0	\$719,989	\$0	\$719,989
1120	Unit Months Available	600	2,628	0	3,228
1121	Number of Unit Months Leased	577	2,368	0	2,945

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