



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34386

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 19, 2009

Board of Commissioners
Housing Authority of the
City of Elkhart
1396 Benham Ave.
Elkhart, IN 46516

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2006 to March 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Elkhart, as of March 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

We call your attention to the findings in the report. Page 46 contains the status of three prior audit findings.

STATE BOARD OF ACCOUNTS

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

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

TWELVE MONTHS ENDED MARCH 31, 2007

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

TABLE OF CONTENTS

Auditor's Report	1
Management's Discussion and Analysis	3
FINANCIAL STATEMENTS	
Statement of Net Assets as of March 31, 2007	14
Statement of Revenue and Expenditures - Proprietary Funds and Changes in Net Assets - Twelve Months Ended March 31, 2007	15
Statement of Cash Flows - Twelve Months Ended March 31, 2007	16
Notes to Financial Statements	18
SUPPLEMENTAL DATA	
Schedule of Expenditure of Federal Awards	29
Individual Program Statements:	
Statement of Net Assets as of March 31, 2007	30
Statement of Revenue and Expenditures - Twelve Months Ended March 31, 2007	32
Statement of Changes in Net Assets - Twelve Months Ended March 31, 2007	34
Statement of Cash Flows - Twelve Months Ended March 31, 2007	36
PHA's Statement and Certification of Actual Modernization Cost - Phase IN36P026501-04	40
Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	41
Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	43
Schedule of Findings and Questioned Costs - Summary	45
Status of Prior Audit Findings	46
Current Findings, Recommendations and Replies	47
Schedule of Adjusting Journal Entries	48
Financial Data Schedule - REAC Electronic Submission	50

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD
DECATUR, ILLINOIS 62526
(217) 872-1908

Independent Auditor's Report

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

I have audited the accompanying financial statements of Housing Authority of the City of Elkhart and the aggregate discretely presented component unit, as of and for the years ended March 31, 2007 and December 31, 2006 respectively, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Housing Authority of the City of Elkhart and the aggregate discretely presented component unit, as of March 31, 2007 and December 31, 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 November 16, 2007, on my consideration of the Housing Authority of the City of Elkhart's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

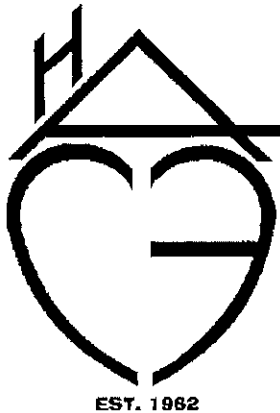
The management's discussion and analysis and budgetary comparison information on pages 3 through 13, are not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements of the Housing Authority of the City of Elkhart, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Housing Authority of the City of Elkhart. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Housing Authority of the City of Elkhart. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Decatur, Illinois
November 16, 2007


Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year 2007 Year End Audit Report

By: Joan Lau, Director Finance Elkhart Housing Authority.

Housing Authority of the City of Elkhart - MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Elkhart Housing Authority's (the Authority") management's discussion and analysis 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 (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page xx).

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$155,598 (or 2%) during 2007. Since the Authority engages in business-type, counseling, New Construction S/R Section 8, Low Rent Public Housing, Housing Choice Voucher, and Capital Fund program activities, the increase is all in the category of business-type net assets. Net Assets were \$10,360,619 million and \$10,205,021 for 2007 and 2006 respectively.
- The business-type activities revenue increased by \$512,498 (or 7%) from \$7,863,296 to \$8,375,794 for 2006 and 2007 respectively.
- Unrestricted Investment Income increased by \$31,130 (148%).
- The Net tenant Rental Revenue increased by \$112,893 (14%) from \$779,895 (2006) to \$892,798 (2007).
- Other Revenue & Fraud Recovery were down (\$54,711) and (\$2,349) respectively.
- Capital Grant revenue increased by \$163,939 a 37% increase from \$445,299 to \$609,238.
- The total expenses of all Authority programs decreased by \$288,267 (or 4%). Total expenses were \$8,570,220 and \$8,281,953 for 2006 and 2007 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

This is a very different presentation of the Authority's previous financial statements. The following graphic outlining these changes is provided for your review:

MD&A

~ Management Discussion
and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements (new) – pgs 14-17~
~ Program Financial Statement (refocused) – pgs 30-39 ~
~ Notes to Financial Statements (expanded/restructured) – pgs 18-27 ~

Other Required Supplementary Information

~ Required Supplementary Information pgs 29, 40 and 51-59 ~
(other than MD&A)
(expanded)

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs 14-17) 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 a format where assets minus liabilities, equals "Net Assets", formerly known 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 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, when constraints are placed on the asset 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, and maintenance, and 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 Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

The Authority's Funds

Business Type Funds- Housing Finance Corporation and Elkhart Community Housing Corporations are sister Not – For – Profit entities to encourage affordable housing for the low income clientele of Elkhart County.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents 672 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.

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 and 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.

Other Non-major Funds – In addition to the major funds above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues or expenses:

Business Activities – represents non-HUD resources developed from a variety of activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged in Business-Type Activities, Conventional Housing & Housing Choice Voucher.

TABLE 1

STATEMENT OF NET ASSETS

	2007 (In thousand of dollars)	2006 (In thousands of dollars)
Current and Other Assets	\$ 2,432.0	\$ 1,819.8
Capital Assets	8444.1	8,893.2
Total Assets	10,876.1	10,713.0
Other Liabilities	408.5	378.5
Long-Term Liabilities	107.0	129.4
Total Liabilities	515.5	507.9
 Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,444.1	8,893.2
Restricted	514.5	500.5
Unrestricted	1,402.0	811.4
Total Net Assets	\$ 10,360.6	\$ 10,205.1

For more detailed information see page 14 for the Statement of Net Assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Factors Affecting the Statement of Net Assets

Although current assets were increased by \$612,183, liabilities were increased \$7,531.

Primarily this number was an increase in "Interprogram Due to" of \$357,856 which is also reflected in the assets under a receivable - "Interprogram Due From". HUD owes N/C S/R Section 8 Programs \$230,674 & HCV owes Low Income Public housing \$550,615. In remaining increase in liabilities is owed to N/C S/R Section 8 for delayed HAP payments needing authorizations of \$59,680.

Current assets (primarily cash and investments) were increased due to higher subsidies in HCV and an unpaid "Interprogram Due to" of \$748,334.

Capital assets also changed, decreasing from \$8,893,204 to \$8,444,150. The \$449,054 decrease may be attributed primarily to annual depreciation expense of \$1,030,968 and capitalizing CFP grants 503, 504, & 505 totaling \$609,238 thereby netting a decrease of \$421,730. For more detail see "Capital Assets and Debt Administration" below. Table 2 presents details on the change in Unrestricted Net Assets

TABLE 2

CHANGE OF UNRESTRICTED NET ASSETS

	Millions of Dollars
Unrestricted Net Assets 03/31/06	\$ 811.4
Results of Operations	0
Adjustments: Capitalize Grant 503, 504, 505	0
Depreciation (1)	496.0
Adjusted Results from Operations	
Prior Year Adjustment	94.6
Unrestricted Net Assets 3/31/07	\$ 1,402.0

(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 changes in Unrestricted Net Assets provides a clearer change in financial well-being.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	2007 (Thousands of dollars)	2006 (Thousands of dollars)
Revenues		
Tenant Revenue – Rents and Other	\$ 987.1	\$ 873.3
Operating Subsidies and Grants	6,663.7	6,401.9
Capital Grants	609.2	445.3
Investment Income	66.2	33.4
Other Revenues	49.6	109.4
Total Revenue	8,375.8	7,863.3
Expenses		
Administrative	1,502.8	1,716.1
Tenant Services	7.4	9.5
Utilities	383.0	411.8
Maintenance	910.1	735.9
Extraordinary Maintenance	9.6	0.0
General	281.0	327.9
Housing Assistance Payments	4,157.2	4,233.6
Depreciation	1,030.9	1,135.4
Total Expenses	8,282.0	8,570.2
 Net Increase	 \$ 93.8	 \$(706.9)

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

Tenant revenue increased due to a higher percentage of positive income renters thus lowering our negative rent – utility checks. Occupancy for the following years is listed:

2003	88.0%
2004	90.9%
2005	88.3%
2006	91.94%
2007	90.29%

Operating Subsidies was increased slightly. This major increase was in our Capital Grants & PHA Operating Grants primarily due to a higher level of activity in the areas of capital grants. The Authority is under-taking an aggressive modernization program. Investment income has increased by 56% due to higher interest rates.

Most expenses increased moderately due to inflation, except for depreciation, utilities contracted labor. Depreciation is higher due to three (3) Capital grants being closed. Utilities – Water increased due to unexpected fees in sewer fees from vacated units left unpaid by past tenants. Finally, contracted labor is higher due to unexpected repairs to elevators and boilers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$8,444,150 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) \$449,054 from the end of last year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 4

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	Business-type Activities	
	2007	2006
Land and land rights	\$ 925,241	\$ 929,186
Buildings	15,709,985	15,629,410
Leasehold Improvements	9,136,549	8,746,659
Equipment - Dwelling	839,355	745,686
Accumulated Depreciation	(18,166,980)	(17,157,737)
Construction In Progress		
Total	<u>\$ 8,444,150</u>	<u>\$ 8,893,204</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 11 of the notes.

TABLE 5

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance	\$ 8,893,204
Additions	615,191
Restatement of Basis Net of Depreciation	(33,277) 0
Depreciation	(1,030,968)
Ending Balance	<u>\$ 8,444,150</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

This year's major additions are:

Business – Type Activities

Capital Improvements Programs (modernization (modernization completed on variety of the Authority's Public Housing complexes	\$ 609,238
Equipment Purchases	\$ 5,953

Debt Outstanding

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Joan Lau, Director of Finance of the Housing Authority of the City of Elkhart, at (574) 295-8392. Specific requests may be submitted to Joan Lau, Director of Finance, Housing Authority of the City of Elkhart, 1396 Benham Ave, Elkhart, IN 46516.

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

STATEMENT OF NET ASSETS

<u>ASSETS</u>	03/31/07 Proprietary Funds	12/31/06 Component Unit
CURRENT ASSETS		
Cash	\$ 1,643,352	\$ 0
Accounts receivable (interfund eliminated)	100,610	0
Accrued interest receivable	9,582	3,913
Inventory	61,680	0
Deferred charges	<u>48,200</u>	<u>0</u>
Total Current Assets	<u>\$ 1,863,424</u>	<u>\$ 3,913</u>
CAPITAL ASSETS		
Land, buildings and equipment	\$ 26,611,130	\$ 0
Less: Accumulated depreciation	<u>-18,166,980</u>	<u>0</u>
Total Capital Assets	<u>\$ 8,444,150</u>	<u>\$ 0</u>
RESTRICTED ASSETS		
Cash	<u>\$ 54,073</u>	<u>\$ 510,565</u>
Total Assets	<u>\$ 10,361,647</u>	<u>\$ 514,478</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable (interfund eliminated)	\$ 320,937	\$ 0
Accrued liabilities	84,456	0
Deferred revenue	<u>3,131</u>	<u>0</u>
Total Current Liabilities	<u>\$ 408,524</u>	<u>\$ 0</u>
NONCURRENT LIABILITIES		
Accrued compensated absences	\$ 52,909	\$ 0
FSS escrow	<u>54,073</u>	<u>0</u>
Total Noncurrent Liabilities	<u>\$ 106,982</u>	<u>\$ 0</u>
<u>NET ASSETS</u>		
Invested in capital assets	\$ 8,444,150	\$ 0
Restricted	54,073	514,478
Unrestricted	<u>1,347,918</u>	<u>0</u>
Total Net Assets	<u>\$ 9,846,141</u>	<u>\$ 514,478</u>

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

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

**STATEMENT OF REVENUE AND EXPENDITURES
AND CHANGES IN NET ASSETS**

	03/31/07 Proprietary Funds	12/31/06 Component Unit
<u>Operating Income</u>		
Tenant rental revenue	\$ 892,788	\$ 0
Tenant revenue - other	<u>94,345</u>	<u>0</u>
Total Rental Income	\$ 987,133	\$ 0
HUD grants - operating	6,663,706	0
Fraud recovery	24,102	0
Other revenue	<u>25,463</u>	<u>0</u>
Total Operating Income	<u>\$ 7,700,404</u>	<u>\$ 0</u>
<u>Operating Expenses</u>		
Administration	\$ 1,502,797	\$ 0
Tenant services	7,377	0
Utilities	382,959	0
Ordinary maintenance and operation	910,125	0
General expense	281,017	0
Extraordinary maintenance	9,557	0
Housing assistance payments	4,157,153	0
Depreciation	<u>1,030,968</u>	<u>0</u>
Total Operating Expenses	<u>\$ 8,281,953</u>	<u>\$ 0</u>
Net Operating Income (Loss)	<u>\$ -581,549</u>	<u>\$ 0</u>
<u>Nonoperating Income (Expense)</u>		
HUD grants - capital	\$ 609,238	\$ 0
Interest income	<u>52,135</u>	<u>14,017</u>
Total Nonoperating Income (Expense)	<u>\$ 661,373</u>	<u>\$ 14,017</u>
Changes in net assets	\$ 79,824	\$ 14,017
Net assets, beginning of year	9,704,560	500,461
Prior period adjustments	<u>61,757</u>	<u>0</u>
Net assets, end of year	<u>\$ 9,846,141</u>	<u>\$ 514,478</u>

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

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

	03/31/07 Proprietary Funds	12/31/06 Component Unit
<u>Operating Activities</u>		
Operating grants	\$ 6,700,917	\$ 0
Tenant revenue	990,930	0
Other revenue	49,565	0
Housing assistance payments	-4,157,153	0
Payments to employees	-1,236,460	0
Payments to suppliers and contractors	<u>-1,660,999</u>	<u>-1,860</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 686,800</u>	<u>\$ -1,860</u>
<u>Investing Activities</u>		
Interest income	<u>\$ 52,135</u>	<u>\$ 14,017</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 52,135</u>	<u>\$ 14,017</u>
<u>Capital and Related Financing Activities</u>		
HUD grants - capital	\$ 609,238	\$ 0
Acquisitions/payments to fixed assets	<u>-581,914</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 27,324</u>	<u>\$ 0</u>
Net Change in Cash	\$ 766,259	\$ 12,157
Cash Balance at March 31, 2006	<u>931,166</u>	<u>498,408</u>
Cash Balance at March 31, 2007	<u>\$ 1,697,425</u>	<u>\$ 510,565</u>

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

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	03/31/07 Proprietary Funds	12/31/06 Component <u>Unit</u> 12/31/06
Net operating income (loss)	\$ -581,549	\$ 0
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	1,030,968	0
Adjustments to net assets	61,757	0
(Increase) decrease in accounts receivable	-195,780	0
(Increase) decrease in deferred charges	211	0
(Increase) decrease in inventories	7,011	0
(Increase) decrease in other assets	-1,205	0
Increase (decrease) in accounts payable	394,016	-1,860
Increase (decrease) in accrued liabilities	-20,056	0
Increase (decrease) in deferred revenues	3,131	0
Increase (decrease) in other liabilities	<u>-11,704</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 686,800</u>	<u>\$ -1,860</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of the City of Elkhart was established by the City of Elkhart 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 Elkhart and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the *, 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 Elkhart does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of the City of Elkhart 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.

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(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
- * Housing Choice Vouchers
- * New Construction
- * Housing Counseling
- * Capital Fund Program
- * Component Unit (Housing Finance Corporation)

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 6 months or less when purchased to be cash equivalents.

(e) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2007, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(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.

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(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 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	10-50	years
Equipment	5-15	years
Transportation equipment	5-15	years
Furniture and fixtures	5-15	years
Leasehold improvements	10-50	years

(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.

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 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	\$ 489,859	\$ 512,433
Voucher	<u>1,207,566</u>	<u>1,274,866</u>
Total	\$ 1,697,425	\$ 1,787,299
Component Unit	<u>510,565</u>	<u>510,565</u>
Combined Total	<u>\$ 2,207,990</u>	<u>\$ 2,297,864</u>

Note 3 - Compensated Absences

Sick Leave

Employees may be paid for leave taken due to illness. Sick leave is accumulated at the rate of 3.69 hours per pay period. Any employee having more than eight hundred (800) hours accumulated sick leave forfeits accumulated pay for any hours over eight hundred (800) hours. An employee may take hours in excess of eight hundred (800) hours for illness at the discretion of the Executive Director.

Employees who voluntarily terminate employment shall be paid a lump sum for fifty percent (50%) of any accumulated sick leave up to four hundred (400) hours pay for eight hundred (800) or more hours accumulated sick leave.

However, if the separation is the result of retirement at or after age of 62 and the employee has five (5) or more years of continuous service prior to retirement, the employee shall be paid one hundred percent (100%) of the accumulated sick leave up to four hundred (400) hours pay for eight hundred (800) or more hours accumulated sick leave.

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 3 - Compensated Absences (Continued)

Annual Leave

Annual leave with pay shall be earned by all full time employees at the following rates:

Beginning the first pay date following employment, the employees shall earn 3.08 hours of annual leave time per pay period. The employee shall continue to earn annual leave at this rate through the end of the fifth year of continuous service.

After five (5) full years of continuous employment and beginning on the first pay date of the sixth year of continuous employment, the employee shall earn 4.62 hours of annual leave time per pay period.

After ten (10) years of continuous service and beginning in the first month of the eleventh year of employment, the employee shall earn 6.15 hours of annual leave time per pay period.

After fifteen (15) years of continuous service and beginning in the first month of the sixteenth year of employment, the employee shall earn 16.67 hours of annual leave time for each month of employment.

Employees may accrued time up to twenty-five (25) working days (200) hours. Hours accrued in excess of 200 shall not be posted and shall not be paid. It will be at the discretion of the Department Director/Executive Director to waive the loss of excess hours accrued over 200 when an employee is not able to take any annual time off at the time the excess hours are accrued.

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate. The plan requires the Housing Authority to contribute 12.5% of the employees base salary each month. The Housing Authority's contribution for each employee are vested after 5 years. Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. For the fiscal year ended March 31, 2007, actual contributions by the Housing Authority were \$181,588.

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 6 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ 39,208
Other	<u>8,992</u>
Total	<u>\$ 48,200</u>

Note 7 - Fixed Assets

Balance as of March 31, 2007	\$ 8,444,150
Balance as of March 31, 2006	<u>8,893,204</u>
Net Increase (Decrease)	<u>\$ -449,054</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 5,953
Property betterments and additions	609,238
Current year depreciation expense	-1,030,968
Restatement of beginning balances: Fixed asset basis	-370
Soft costs previously capitalized	<u>-32,907</u>
Net Increase (Decrease)	<u>\$ -449,054</u>

<u>Analysis</u>	<u>04/01/06 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/07 Balance</u>
Land	\$ 929,186	\$ 0	\$ 3,945	\$ 925,241
Buildings	15,629,410	80,575	0	15,709,985
Equipment and furniture	745,686	101,205	7,536	839,355
Leasehold improvements	<u>8,746,659</u>	<u>1,757,958</u>	<u>1,368,068</u>	<u>9,136,549</u>
Total	\$ 26,050,941	\$ 1,939,738	\$ 1,379,549	\$ 26,611,130
Accumulated depreciation	<u>-17,157,737</u>	<u>21,725</u>	<u>1,030,968</u>	<u>-18,166,980</u>
Net Assets	<u>\$ 8,893,204</u>	<u>\$ 1,961,463</u>	<u>\$ 2,410,517</u>	<u>\$ 8,444,150</u>

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 68,965
Tenants security deposits	75,017
Payroll taxes payable	9,537
Accounts payable - HUD	106,554
Accounts payable - other	<u>60,864</u>
Subtotal	\$ 320,937
Interfund	<u>781,289</u>
Total	<u>\$ 1,102,226</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 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:	
Accrued compensated absences	\$ 68,008
Accrued wages	<u>16,448</u>
Total Current Portion	\$ 84,456
Noncurrent Portion:	
Accrued compensated absences	<u>52,909</u>
Total	<u>\$ 137,365</u>

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 11 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	\$ <u>54,073</u>
---------------------	------------------

Note 12 - Deferred Revenue

This classification consists of the following:

Tenants prepaid rent	\$ 2,287
Other	<u>844</u>
Total	\$ <u>3,131</u>

Note 13 - Administrative Fee

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

Note 14 - 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 15 - 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 16 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Adjustment of fixed asset basis	\$ -32,907
Adjustment of admin fee earned programs	-1,776
HUD settlement prior years	96,305
Correction to retained earnings	104
Adjustment of FSS escrow	<u>31</u>
	\$ <u>61,757</u>

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

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006
(CONTINUED)**

Note 17 - 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 18 - Economic Dependency

The Housing Authority received most of its revenue (87%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>					
Direct Programs:					
Public and Indian Housing*	14.850	FYE 03/31/07	\$ 1,345,892	\$ 1,345,892	\$ 1,345,892
Lower Income Housing Assistance Program - New Construction*	14.182	FYE 03/31/07	\$ 1,434,335	\$ 1,434,335	\$ 1,434,335
Housing Choice Voucher Program*	14.871	FYE 03/31/07	\$ 3,437,944	\$ 3,437,944	\$ 3,437,944
Public Housing - Capital Fund*	14.872	FYE 03/31/07	\$ 3,277,323	\$ 1,040,353	\$ 1,040,353
Housing Counseling Assistance	14.169	FYE 03/31/07	\$ 14,420	\$ 14,420	\$ 14,420
Total Housing Assistance			<u>\$ 9,509,914</u>	<u>\$ 7,272,944</u>	<u>\$ 7,272,944</u>

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED MARCH 31, 2007**

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

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

**STATEMENT OF NET ASSETS
AS OF MARCH 31, 2007**

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
CURRENT ASSETS			
Cash	\$ 489,859	\$ 0	\$ 1,153,493
Accounts receivable	568,797	18,535	1,000
Accrued interest receivable	4,325	0	5,257
Inventory	61,680	0	0
Deferred charges	<u>48,200</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>\$ 1,172,861</u>	<u>\$ 18,535</u>	<u>\$ 1,159,750</u>
CAPITAL ASSETS			
Land, buildings and equipment	\$ 25,438,969	\$ 1,070,656	\$ 101,505
Less: Accumulated depreciation	<u>-18,052,122</u>	<u>-63,343</u>	<u>-51,515</u>
Net Capital Assets	<u>\$ 7,386,847</u>	<u>\$ 1,007,313</u>	<u>\$ 49,990</u>
RESTRICTED ASSETS			
Cash	\$ 0	\$ 0	\$ 54,073
Total Assets	<u>\$ 8,559,708</u>	<u>\$ 1,025,848</u>	<u>\$ 1,263,813</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 154,703	\$ 18,535	\$ 748,334
Accrued liabilities	75,362	0	9,094
Deferred revenue	<u>2,353</u>	<u>0</u>	<u>778</u>
Total Current Liabilities	<u>\$ 232,418</u>	<u>\$ 18,535</u>	<u>\$ 758,206</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	\$ 45,811	\$ 0	\$ 7,098
FSS escrow	<u>0</u>	<u>0</u>	<u>54,073</u>
Total Noncurrent Liabilities	<u>\$ 45,811</u>	<u>\$ 0</u>	<u>\$ 61,171</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 7,386,847	\$ 1,007,313	\$ 49,990
Restricted	0	0	54,073
Unrestricted	<u>894,632</u>	<u>0</u>	<u>340,373</u>
Total Net Assets	<u>\$ 8,281,479</u>	<u>\$ 1,007,313</u>	<u>\$ 444,436</u>

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

**STATEMENT OF NET ASSETS
AS OF MARCH 31, 2007**

<u>ASSETS</u>	<u>Housing Counseling</u>	<u>New Construction</u>
CURRENT ASSETS		
Cash	\$ 0	\$ 0
Accounts receivable	14,420	279,147
Accrued interest receivable	<u>0</u>	<u>0</u>
Total Current Assets	\$ <u>14,420</u>	\$ <u>279,147</u>
Total Assets	\$ <u>14,420</u>	\$ <u>279,147</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 14,420</u>	<u>\$ 166,234</u>
Total Current Liabilities	<u>\$ 14,420</u>	<u>\$ 166,234</u>
 <u>NET ASSETS</u>		
Restricted	\$ 0	\$ 0
Unrestricted	<u>0</u>	<u>112,913</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 112,913</u>

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

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Tenant rental revenue	\$ 892,788	\$ 0	\$ 0
Tenant revenue - other	<u>94,345</u>	<u> </u>	<u> </u>
Total Rental Revenue	\$ 987,133	\$ 0	\$ 0
HUD grants - operating	1,345,892	431,115	3,437,944
Fraud recovery	0	0	24,102
Other revenue	<u>23,527</u>	<u>0</u>	<u>784</u>
Total Operating Income	<u>\$ 2,356,552</u>	<u>\$ 431,115</u>	<u>\$ 3,462,830</u>
 <u>Operating Expenses</u>			
Administration	\$ 843,069	\$ 229,115	\$ 400,547
Tenant services	7,377	0	0
Utilities	382,959	0	0
Ordinary maintenance and operation	894,559	0	15,060
General expense	249,075	0	30,947
Extraordinary maintenance	9,557	0	0
Housing assistance payments	0	0	2,787,704
Depreciation	<u>980,458</u>	<u>40,442</u>	<u>10,068</u>
Total Operating Expenses	<u>\$ 3,367,054</u>	<u>\$ 269,557</u>	<u>\$ 3,244,326</u>
Net Operating Income (Loss)	<u>\$ -1,010,502</u>	<u>\$ 161,558</u>	<u>\$ 218,504</u>
 <u>Nonoperating Income (Expense)</u>			
HUD grants - capital	\$ 0	\$ 609,238	\$ 0
Interest income	17,301	0	34,834
Transfers in/out	<u>202,000</u>	<u>-202,000</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ 219,301</u>	<u>\$ 407,238</u>	<u>\$ 34,834</u>
Changes in Net Assets	<u>\$ -791,201</u>	<u>\$ 568,796</u>	<u>\$ 253,338</u>

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

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Operating Income</u>	<u>Housing Counseling</u>	<u>New Construction</u>
HUD grants - operating	\$ 14,420	\$ 1,434,335
Other revenue	<u>0</u>	<u>1,152</u>
Total Operating Income	<u>\$ 14,420</u>	<u>\$ 1,435,487</u>
 <u>Operating Expenses</u>		
Administration	\$ 14,420	\$ 15,646
Ordinary maintenance and operation	0	506
General expense	0	995
Housing assistance payments	<u>0</u>	<u>1,369,449</u>
Total Operating Expenses	<u>\$ 14,420</u>	<u>\$ 1,386,596</u>
Net Operating Income (Loss)	<u>\$ 0</u>	<u>\$ 48,891</u>
 <u>Nonoperating Income (Expense)</u>		
Interest income	<u>\$ 0</u>	<u>\$ 0</u>
Total Nonoperating Income (Expense)	<u>\$ 0</u>	<u>\$ 0</u>
Changes in Net Assets	<u><u>\$ 0</u></u>	<u><u>\$ 48,891</u></u>

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

**STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Invested in Capital Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Balance at March 31, 2006	\$ 7,434,668	\$ 1,404,431	\$ 54,105
Current year net income (loss)	-980,828	568,796	-4,115
Capital Fund transfer	933,007	-933,007	0
Prior year adjustments	<u>0</u>	<u>-32,907</u>	<u>0</u>
Balance at March 31, 2007	<u>\$ 7,386,847</u>	<u>\$ 1,007,313</u>	<u>\$ 49,990</u>
 <u>Unrestricted Net Assets</u>			
Balance at March 31, 2006	\$ 705,005	\$ 0	\$ 40,657
Current year net income (loss)	189,627	0	257,453
Prior year adjustments	<u>0</u>	<u>0</u>	<u>96,336</u>
Balance at March 31, 2007	<u>\$ 894,632</u>	<u>\$ 0</u>	<u>\$ 394,446</u>
Total Net Assets	<u>\$ 8,281,479</u>	<u>\$ 1,007,313</u>	<u>\$ 444,436</u>

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

**STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Restricted</u>	<u>Housing Counseling</u>	<u>New Construction</u>
Balance at March 31, 2006	\$ 0	\$ 0
Current year net income (loss)	0	0
Prior year adjustments	<u>0</u>	<u>0</u>
Balance at December 31, 2006	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Unrestricted Net Assets</u>		
Balance at March 31, 2006	\$ 0	\$ 65,694
Current year net income (loss)	0	48,891
Prior year adjustments	<u>0</u>	<u>-1,672</u>
Balance at March 31, 2007	<u>\$ 0</u>	<u>\$ 112,913</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 112,913</u>

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

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Operating grants	\$ 1,345,892	\$ 458,534	\$ 3,436,944
Tenant revenue	990,930	0	0
Other revenue	23,527	0	24,886
Housing assistance payments	0	0	-2,787,704
Payments to employees	-952,952	0	-261,346
Payments to suppliers and contractors	<u>-1,650,523</u>	<u>-289,441</u>	<u>348,053</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -243,126</u>	<u>\$ 169,093</u>	<u>\$ 760,833</u>
 <u>Investing Activities</u>			
Interest income	<u>\$ 17,301</u>	<u>\$ 0</u>	<u>\$ 34,834</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 17,301</u>	<u>\$ 0</u>	<u>\$ 34,834</u>
 <u>Capital and Related Financing Activities</u>			
HUD grants - capital	\$ 0	\$ 609,238	\$ 0
Additions (deletions) of fixed assets	370	-576,331	-5,953
Transfers in/out	<u>202,000</u>	<u>-202,000</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 202,370</u>	<u>\$ -169,093</u>	<u>\$ -5,953</u>
Net Change in Cash	\$ -23,455	\$ 0	\$ 789,714
Cash Balance at March 31, 2006	<u>513,314</u>	<u>0</u>	<u>417,852</u>
Cash Balance at March 31, 2007	<u>\$ 489,859</u>	<u>\$ 0</u>	<u>\$ 1,207,566</u>

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

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Net operating income (loss)	\$ -1,010,502	\$ 161,558	\$ 218,504
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	980,458	40,442	10,068
Adjustments to net assets	0	-32,907	96,336
(Increase) decrease in accounts receivable	-234,581	27,419	36,192
(Increase) decrease in deferred charges	211	0	0
(Increase) decrease in inventories	7,011	0	0
(Increase) decrease in other assets	1,325	0	-2,530
Increase (decrease) in accounts payable	33,394	-27,419	410,450
Increase (decrease) in accrued liabilities	-22,795	0	2,739
Increase (decrease) in deferred revenues	2,353	0	778
Increase (decrease) in other liabilities	<u>0</u>	<u>0</u>	<u>-11,704</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -243,126</u>	<u>\$ 169,093</u>	<u>\$ 760,833</u>

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

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Operating Activities</u>	<u>Housing Counseling</u>	<u>New Construction</u>
Operating grants	\$ 2,403	\$ 1,457,144
Other revenue	0	1,152
Housing assistance payments	0	-1,369,449
Payments to employees	-12,305	-9,857
Payments to suppliers and contractors	<u>9,902</u>	<u>-78,990</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>0</u>	\$ <u>0</u>
 <u>Investing Activities</u>		
Interest income	\$ <u>0</u>	\$ <u>0</u>
Net Cash Provided (Used) by Investing Activities	\$ <u>0</u>	\$ <u>0</u>
Net Change in Cash	\$ 0	\$ 0
Cash Balance at March 31, 2006	<u>0</u>	<u>0</u>
Cash Balance at March 31, 2007	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2007**

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>	<u>Housing Counseling</u>	<u>New Construction</u>
Net operating income (loss)	\$ 0	\$ 48,891
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Adjustments to net assets	0	-1,672
(Increase) decrease in accounts receivable	-12,017	-12,793
(Increase) decrease in other assets	0	0
Increase (decrease) in accounts payable	<u>12,017</u>	<u>-34,426</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 0</u>	<u>\$ 0</u>

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

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P026501-04**

1. The Actual Modernization Costs of Phase IN36P026501-04 are as follows:

Funds approved	\$ 1,085,536
Funds expended	<u>1,085,536</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds advanced	
Project notes, non-HUD	\$ 1,085,536
Funds expended	<u>1,085,536</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 March 12, 2007, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

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

I have audited the financial statements of the governmental activities and the aggregate discretely presented component unit of Housing Authority of the City of Elkhart as of and for the years ended March 31, 2007 and December 31, 2006 respectively, which collectively comprise the Housing Authority of the City of Elkhart's basic financial statements and have issued my report thereon dated November 16, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Housing Authority of the City of Elkhart's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Elkhart's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Elkhart's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of the City of Elkhart's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of the City of Elkhart's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the City of Elkhart's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of the City of Elkhart's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

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

I noted certain matters that we reported to management of Housing Authority of the City of Elkhart, in a separate letter dated November 16, 2007.

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

Decatur, Illinois
November 16, 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 on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

I have audited the compliance of Housing Authority of the City of Elkhart 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 March 31, 2007 and December 31, 2006 respectively. Housing Authority of the City of Elkhart's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Housing Authority of the City of Elkhart's management. My responsibility is to express an opinion on Housing Authority of the City of Elkhart's compliance based on my audit.

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

In my opinion, Housing Authority of the City of Elkhart 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 March 31, 2007. The results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

The management of Housing Authority of the City of Elkhart is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Housing Authority of the City of Elkhart's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Elkhart's internal control over compliance.

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

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

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Housing Authority of the City of Elkhart in a separate letter dated November 16, 2007.

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

Decatur, Illinois
November 16, 2007


Certified Public Accountant

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2007**

Summary of Auditor's Results

Low Risk Auditee X yes _____ no

Financial Statements

Type of auditor's report: Unqualified

- * Material weakness(es) identified? _____ yes X no
 * 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
Lower-Income Housing Assistance Program -New Construction	14.182
Housing Choice Voucher Program	14.871
Public Housing - Capital Funds	14.872

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

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended March 31, 2006 contained three findings. The corrective action taken by the Housing Authority is summarized below:

Finding 1: Unrecorded Liabilities

HUD rules and regulations require accurate reporting. In the prior year, it was determined that the Authority used a cut off date instead of analyzing the detail of subsequently received bills when setting up vendor accounts payables and other liabilities. In the current fiscal year, the finance staff extended the calendar cut off date for year end expenses and offsetting liabilities. The only differences noted in the current year relate to utilities. In each of those instances those bills were not prepared by the utility company in a timely manner. In those cases, the Housing Authority made reasonable estimates of the liability. No other variances were noted. This finding is considered closed.

Finding 2: Section 8 HAP payments

HUD and GAAP rules and regulations require the Authority to complete the 9836 annually, however in the prior year the Stratford Commons property was not being properly maintained and the resident file re-examinations have not been properly conducted by the Stratford Commons agent. The management agent has not properly verified resident income and therefore, has not computed the HAP payment properly.

During the current year, the Authority worked with the HUD office to insure that the property was in compliance and that the payments to the project were accurate. Additional follow up has been prepared notifying both HUD and American Properties that a response in regards to some type of resolution was requested by the Housing Authority. PHA staff has currently monitored the resident files and has received a "settlement" report for prior periods and recorded the offsetting payable accordingly. This finding is considered closed.

Finding 3: Inventory

HUD and GAAP rules and regulations require an accurate accounting for inventory. It was determined that during the prior fiscal year, the Authority had undergone a computer conversion that may have adversely effected the accuracy of the inventory counts.

The Authority took another physical inventory to ensure that the counts were accurate. They investigated the processes involved and determined what was causing the inventory to become inaccurate and corrected the problems noted. An additional staff member was hired, whose primary responsibility is inventory control. During the current audit, I sampled forty (40) items as of November 11, 2007 found and noted a discrepancy of only \$35. This difference is not significant. This finding is considered closed.

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

CURRENT FINDINGS AND RECOMMENDATIONS

There were no audit findings discussed with Mr. Kim Sindle, Executive Director during the course of the audit or at an exit conference held October 12, 2007.

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

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2007**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Undesignated fund balance	2806	\$ 18,751.43		2806
Maintenance materials	262-4420.20		\$ 455.00	2806
Maintenance materials	267-4420.20		17,896.44	2806
Computer EQ equipment-main.	100-4190.85		399.99	2806
(To reverse JV #98051705 - items were already expensed in CFP before being transferred to Low Rent)				
(2)				
TAR - active	262-1122.10	\$ 110.50		1122.10
TAR - active	263-1122.10		\$ 796.10	1122.10
TAR - active	267-1122.10		80.00	1122.10
Allowance for doubtful accounts	264-1122.22		929.82	1122.22
Collection losses	264-4570	929.82		2806
Dwelling rental	264-3110	765.60		2806
(To adjust accounts to actual per Aged Receivable)				
(3)				
Maintenance materials	267-4420.10		\$ 24,400.00	2806
Investment in fixed assets	2806	\$ 24,400.00		2806
(To correct posting of JV #51799)				
(4)				
Depreciation expense	4800	\$ 9,601.27		2806
Accumulated depreciation	1400.5	642.89		1400.5
Prior period adjustment - equity	2806		\$ 10,244.16	2806
(To correct posting of JV #1705 and JV #1804 and adjust expense and accumulated to corrected depreciation schedule @ 03/31/07)				
(5)				
Prepaid insurance	1211	\$ 23,504.60		1211
Insurance expense	4510		\$ 23,404.60	2806
Membership dues	4190.50		100.00	2806
(To adjust prepaid expense accounts to actual per analysis)				
<u>Voucher</u>				
(1)				
Accounts receivable - HUD	1135	\$ 1,000.00		1135
Section 8 income	3410		\$ 1,667.00	2806
Equity	2806	667.00		2806
(To record receivable for HO Bonus earned 12/06 not received and to record 12/06 offset for 04/05 HAP)				
(2)				
Accrued compensated absences	4120		\$ 845.00	2806
Equity	2806	\$ 845.00		2806
(To record prior year audit adjustment)				

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

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2007**

<u>Component Unit</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Interest income	3610.10	\$ 145.30		2806
Cash	1111.10		\$ 145.30	1110.10
(To unaccrue 01/07 to 03/07 interest on checking and bring to 12/31/06 year end)				
(2)				
Interest income	3610.10	\$ 2,038.60		2806
Restricted cash	1111.60		\$ 2,038.60	1111.60
(To correct book to proper fiscal year end 12/31/06)				
(3)				
Interest income	3430	\$ 4,090.38		2806
Investments CD's	1162.10		\$ 4,090.38	1162.10
(To correct to FYE 12/31/06)				
(4)				
Accrued interest receivable	1145	\$ 1,472.03		1145
Interest income	3430		\$ 1,472.03	2806
(To correct interest accrued as of 12/31/06)				

PHA: IN026 FYED: 03/31/2007

Line Item No.	Account Description	Housing Counseling Assistance Program	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	\$489,859	\$1,153,493	\$0	\$0	\$1,643,352
113	Cash - Other Restricted	\$0	\$0	\$0	\$54,073	\$0	\$510,565	\$564,638
100	Total Cash	\$0	\$0	\$489,859	\$1,207,566	\$0	\$510,565	\$2,207,990
122	Accounts Receivable - HUD Other Projects	\$14,420	\$0	\$0	\$1,000	\$18,535	\$0	\$33,955
125	Accounts Receivable - Miscellaneous	\$0	\$48,473	\$402	\$0	\$0	\$0	\$48,875
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$28,630	\$0	\$0	\$0	\$28,630
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$-10,850	\$0	\$0	\$0	\$-10,850
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$0	\$4,325	\$5,257	\$0	\$3,913	\$13,495
120	Total Receivables, net of allowances for doubtful accounts	\$14,420	\$48,473	\$22,507	\$6,257	\$18,535	\$3,913	\$114,105
142	Prepaid Expenses and Other Assets	\$0	\$0	\$48,200	\$0	\$0	\$0	\$48,200
143	Inventories	\$0	\$0	\$62,938	\$0	\$0	\$0	\$62,938
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$-1,258	\$0	\$0	\$0	\$-1,258
144	Interprogram Due From	\$0	\$230,674	\$550,615	\$0	\$0	\$0	\$781,289
150	Total Current Assets	\$14,420	\$279,147	\$1,172,861	\$1,213,823	\$18,535	\$514,478	\$3,213,264
161	Land	\$0	\$0	\$883,645	\$41,596	\$0	\$0	\$925,241
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$15,709,985	\$0	\$0	\$0	\$15,709,985
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$779,446	\$59,909	\$0	\$0	\$839,355
165	Leasehold Improvements	\$0	\$0	\$8,065,893	\$0	\$1,070,656	\$0	\$9,136,549
166	Accumulated Depreciation	\$0	\$0	\$-18,052,122	\$-51,515	\$-63,343	\$0	\$-18,166,980
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$7,386,847	\$49,990	\$1,007,313	\$0	\$8,444,150
180	Total Non-Current Assets	\$0	\$0	\$7,386,847	\$49,990	\$1,007,313	\$0	\$8,444,150
190	Total Assets	\$14,420	\$279,147	\$8,559,708	\$1,263,813	\$1,025,848	\$514,478	\$11,657,414
312	Accounts Payable <= 90 Days	\$0	\$0	\$68,965	\$0	\$0	\$0	\$68,965
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$25,985	\$0	\$0	\$0	\$25,985
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$58,914	\$9,094	\$0	\$0	\$68,008
331	Accounts Payable - HUD PHA Programs	\$0	\$106,554	\$0	\$0	\$0	\$0	\$106,554
341	Tenant Security Deposits	\$0	\$0	\$75,017	\$0	\$0	\$0	\$75,017
342	Deferred Revenues	\$0	\$0	\$2,353	\$778	\$0	\$0	\$3,131
345	Other Current Liabilities	\$0	\$0	\$1,184	\$0	\$0	\$0	\$1,184
346	Accrued Liabilities - Other	\$0	\$59,680	\$0	\$0	\$0	\$0	\$59,680
347	Interprogram Due To	\$14,420	\$0	\$0	\$748,334	\$18,535	\$0	\$781,289
310	Total Current Liabilities	\$14,420	\$166,234	\$232,418	\$758,206	\$18,535	\$0	\$1,189,813
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$45,811	\$7,098	\$0	\$0	\$52,909
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$54,073	\$0	\$0	\$54,073
350	Total Noncurrent Liabilities	\$0	\$0	\$45,811	\$61,171	\$0	\$0	\$106,982
300	Total Liabilities	\$14,420	\$166,234	\$278,229	\$819,377	\$18,535	\$0	\$1,296,795
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0	\$7,386,847	\$49,990	\$1,007,313	\$0	\$8,444,150
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$54,073	\$0	\$514,478	\$568,551
512.1	Unrestricted Net Assets	\$0	\$112,913	\$894,632	\$340,373	\$0	\$0	\$1,347,918
513	Total Equity/Net Assets	\$0	\$112,913	\$8,281,479	\$444,436	\$1,007,313	\$514,478	\$10,360,619
600	Total Liabilities and Equity/Net Assets	\$14,420	\$279,147	\$8,559,708	\$1,263,813	\$1,025,848	\$514,478	\$11,657,414
703	Net Tenant Rental Revenue	\$0	\$0	\$892,788	\$0	\$0	\$0	\$892,788
704	Tenant Revenue - Other	\$0	\$0	\$94,345	\$0	\$0	\$0	\$94,345
705	Total Tenant Revenue	\$0	\$0	\$987,133	\$0	\$0	\$0	\$987,133
706	HUD PHA Operating Grants	\$14,420	\$1,434,335	\$1,345,892	\$3,437,944	\$431,115	\$0	\$6,663,706
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$609,238	\$0	\$609,238
711	Investment Income - Unrestricted	\$0	\$0	\$17,301	\$34,834	\$0	\$0	\$52,135
714	Fraud Recovery	\$0	\$0	\$0	\$24,102	\$0	\$0	\$24,102
715	Other Revenue	\$0	\$1,152	\$23,527	\$784	\$0	\$0	\$25,463
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$14,017	\$14,017

700	Total Revenue	\$14,420	\$1,435,487	\$2,373,853	\$3,497,664	\$1,040,353	\$14,017	\$8,375,794
911	Administrative Salaries	\$12,305	\$9,648	\$535,251	\$261,974	\$0	\$0	\$819,178
912	Auditing Fees	\$0	\$821	\$6,160	\$3,285	\$0	\$0	\$10,266
913	Outside Management Fees	\$0	\$1,371	\$0	\$0	\$0	\$0	\$1,371
914	Compensated Absences	\$0	\$106	\$-11,151	\$2,111	\$0	\$0	\$-8,934
915	Employee Benefit Contributions - Administrative	\$0	\$3,700	\$225,937	\$102,004	\$0	\$0	\$331,641
916	Other Operating - Administrative	\$2,115	\$0	\$86,872	\$31,173	\$229,115	\$0	\$349,275
924	Tenant Services - Other	\$0	\$0	\$7,377	\$0	\$0	\$0	\$7,377
931	Water	\$0	\$0	\$66,361	\$0	\$0	\$0	\$66,361
932	Electricity	\$0	\$0	\$128,567	\$0	\$0	\$0	\$128,567
933	Gas	\$0	\$0	\$188,031	\$0	\$0	\$0	\$188,031
941	Ordinary Maintenance and Operations - Labor	\$0	\$103	\$416,629	\$0	\$0	\$0	\$416,732
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$32	\$119,114	\$874	\$0	\$0	\$120,020
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$371	\$210,483	\$14,186	\$0	\$0	\$225,040
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$148,333	\$0	\$0	\$0	\$148,333
961	Insurance Premiums	\$0	\$995	\$208,349	\$30,947	\$0	\$0	\$240,291
964	Bad Debt - Tenant Rents	\$0	\$0	\$40,726	\$0	\$0	\$0	\$40,726
969	Total Operating Expenses	\$14,420	\$17,147	\$2,377,039	\$446,554	\$229,115	\$0	\$3,084,275
970	Excess Operating Revenue over Operating Expenses	\$0	\$1,418,340	\$-3,186	\$3,051,110	\$811,238	\$14,017	\$5,291,519
971	Extraordinary Maintenance	\$0	\$0	\$9,557	\$0	\$0	\$0	\$9,557
973	Housing Assistance Payments	\$0	\$1,369,449	\$0	\$2,787,704	\$0	\$0	\$4,157,153
974	Depreciation Expense	\$0	\$0	\$980,458	\$10,068	\$40,442	\$0	\$1,030,968
900	Total Expenses	\$14,420	\$1,386,596	\$3,367,054	\$3,244,326	\$269,557	\$0	\$8,281,953
1001	Operating Transfers In	\$0	\$0	\$202,000	\$0	\$0	\$0	\$202,000
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$-202,000	\$0	\$-202,000
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$202,000	\$0	\$-202,000	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$48,891	\$-791,201	\$253,338	\$568,796	\$14,017	\$93,841
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$65,694	\$8,139,673	\$94,762	\$1,404,431	\$500,461	\$10,205,021
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$-1,672	\$933,007	\$96,336	\$-965,914	\$0	\$61,757
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$543,018	\$0	\$0	\$543,018
1115	Contingency Reserve, ACC Program Reserve	\$0	\$1,468,161	\$0	\$3,276,935	\$0	\$0	\$4,745,096
1116	Total Annual Contributions Available	\$0	\$1,468,161	\$0	\$3,819,953	\$0	\$0	\$5,288,114
1120	Unit Months Available	0	2,772	8,064	7,998	0	0	18,834
1121	Number of Unit Months Leased	0	2,772	7,338	7,305	0	0	17,415
1117	Administrative Fee Equity	\$0	\$0	\$0	\$7,569	\$0	\$0	\$7,569
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$436,867	\$0	\$0	\$436,867

Report Generated: 12/26/2007 07:10:56
Date Submission Created: 10/09/2007

| Top of Page |