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May 20, 2009

Board of Commissioners
Greendale Housing Authority
489 Ludlow St.
Lawrenceburg, IN 47025-1579

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 Greendale Housing Authority, 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.

STATE BOARD OF ACCOUNTS

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

TWELVE MONTHS ENDED MARCH 31, 2007

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

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

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Greendale Housing Authority and the aggregate discretely presented component unit, as of March 31, 2007 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 9, 2007, on my consideration of the Greendale Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7, are not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

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

Decatur, Illinois
November 9, 2007


Certified Public Accountant

HOUSING AUTHORITY OF GREENDALE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

As management of the Housing Authority of the City of Greendale, IN (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended (FYE) March 31, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$841,505 (net assets).

The Authority's cash balance at March 31, 2007, was \$108,417 representing an increase of \$48,195 from March 31, 2006.

The Authority had operating revenues of \$132,541, Department of Housing and Urban Development (HUD) grants of \$73,886 and interest income of \$3,739 for the year ending March 31, 2007.

As of March 31, 2007, the Authority's investment in capital assets was \$756,344 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment. Capital outlays for the year were \$21,973 consisting of the following purchases:

*Refrigerator	\$ 4,858
*Water Heaters	2,440
*Carpet	10,925
*Roof	<u>3,750</u>
Total	<u>\$ 21,973</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Assets – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

HOUSING AUTHORITY OF GREENDALE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

FUTURE EVENTS (NEW BUSINESS)

The Authority adopted an operating budget for FYE March 31, 2008. This budget reflects total operating revenues of \$195,677 and total operating expenses of \$188,846. HUD has funded the subsidy at 37%.

ENTITY WIDE FINANCIAL STATEMENT COMPARISON FYE'S 2006 AND 2007

Total Current Assets for FYE 2007 were \$113,868, and at FYE 2006, the amount was \$119,277. This represents a decrease of \$5,409. The decrease related to a decrease in cash and investments and a decrease in prepaid insurance.

Total Fixed Assets increased by \$21,973. At FYE 2006 and FYE 2007, the amounts were \$2,251,877 and \$2,273,850 respectively.

Total Liabilities increased by \$2,511 from \$26,196 at FYE 2006 to \$28,707 at FYE 2007. This increase related to an increase in deferred revenues and tenant security deposits. PILOT liability "reported as due to other governments" in the current statements and as a part of "other current" liabilities previously, also increased in 2007.

Revenues decreased by \$30,534. At FYE 2006 and FYE 2007, total revenues were \$240,700 and \$210,166 respectively. HUD subsidy received was down and the amount drawn down to capital fund grants also decreased.

Total Expenses decreased by \$4,346. Total expenses were \$296,240 in FYE 2006 and \$291,894 in FYE 2007. The most significant decreases were realized in utility and insurance expenses. Utilities decreased as a result of a decrease in consumption. Insurance rates were more favorable in 2007.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>	<u>Percent Variances</u>
Current Assets	113,868	119,277	(5,409)	-4.5%
Capital Assets	756,344	826,270	(69,926)	-8.5%
Total Assets	870,212	945,547	(75,335)	-8.0%
Current Liabilities	28,707	26,196	2,511	9.6%
Total Liabilities	28,707	26,196	2,511	9.6%
Net Invested in Capital Assets	756,344	826,270	(69,926)	-8.5%
Unrestricted Net Assets	85,161	93,081	(7,920)	-8.5%
Total Net Assets	841,505	919,351	(77,846)	-8.5%

HOUSING AUTHORITY OF GREENDALE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

Total revenues for Fiscal Year Ending March 31, 2006 were \$240,700 as compared to the total revenues for Fiscal Year Ending March 31, 2007 of \$210,166. Comparatively, Fiscal Year Ending 2006 revenues exceeded Fiscal Year Ending 2007 revenues by \$30,534.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>	<u>Percentage Change</u>
Tenant Revenue	127,047	121,538	5,509	5%
HUD Operating Grants	55,663	67,988	(12,325)	-18%
HUD Capital Grants	18,223	44,402	(26,179)	-59%
Investment Income	3,739	1,710	2,029	119%
Other Revenue	5,494	5,062	432	9%
Total Revenue	<u>210,166</u>	<u>240,700</u>	<u>(30,534)</u>	<u>-13%</u>

Total expenditures for Fiscal Year Ending March 31, 2006 were \$296,240 as compared to \$291,894 of total expenditures for Fiscal Year Ending March 31, 2007. Comparatively, Fiscal Year Ending 2006 expenditures exceeded Fiscal Year Ending 2007 expenditures by \$4,346.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>	<u>Percent Variances</u>
Administrative	54,207	54,572	(365)	-1%
Tenant Services	1,307	1,440	(133)	-9%
Utilities	40,746	45,610	(4,864)	-11%
Maintenance and Operation	74,843	73,540	1,303	2%
General Expense	25,010	28,133	(3,123)	-11%
Depreciation Expense	95,781	92,945	2,836	3%
Total Expenses	<u>\$291,894</u>	<u>\$296,240</u>	<u>(\$4,346)</u>	<u>-2%</u>

HOUSING AUTHORITY OF GREENDALE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

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LOW INCOME PUBLIC HOUSING BUDGETARY HIGHLIGHTS

Results of Operations

Management prepared a budget that anticipated a net loss of \$13,984. The actual results of operation reflected a net loss of \$4,170, which did not include a \$93,051 depreciation expense.

Operating Receipts were under budget by \$3,826 (before grants were applied). Dwelling Rent was recorded over budget by \$3,472. Interest income was recorded over budget by \$3,569. Other income was over budget by \$644. This is a result of slightly greater rents collected than anticipated.

Administrative Expenses for FYE 2007 were under budget by \$8,408.

Tenant Services Expenditures were over budget by \$107.

Utility Expenses were under budget by \$271.

Ordinary Maintenance Expenses were under budget by \$1,748.

General Expenses were under budget by \$3,320.

Extraordinary Maintenance was not budgeted and resulted in no material budget issues.

HOUSING AUTHORITY OF GREENDALE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

The following table summarizes the significant budget variances outlined on prior page:

Low Income Public Housing FYE 2006 Budget vs. Actual

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent Variances</u>
Dwelling Rent	123,575	127,047	(3,472)	-3%
HUD Subsidy	63,290	51,779	11,511	22%
HUD Grants	0	0	0	0%
Interest	170	3,739	(3,569)	-96%
Other Income	4,850	5,494	(644)	-12%
Total Revenue	<u>191,885</u>	<u>188,059</u>	<u>3,826</u>	<u>2%</u>
Administrative	60,115	51,707	8,408	16%
Tenant Services	1,200	1,307	(107)	-8%
Utilities	41,017	40,746	271	1%
Maintenance	75,207	73,459	1,748	2%
General Expense	28,330	25,010	3,320	13%
Total Expenses	<u>205,869</u>	<u>192,229</u>	<u>13,640</u>	<u>7%</u>
Net Income/(Loss)	<u>(13,984)</u>	<u>(4,170)</u>	<u>(9,814)</u>	<u>0%</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

Accumulated Depreciation increased by \$91,899. This is the amount of current year depreciation expense netted against an adjustment to accumulated depreciation related to prior years.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	104,521	104,520	1	0.0%
Buildings	1,693,210	1,693,210	0	0.0%
Equipment and furniture	286,144	212,564	73,580	34.6%
Leasehold Improvements	189,975	241,583	(51,608)	-21.4%
Total Fixed Assets	<u>2,273,850</u>	<u>2,251,877</u>	<u>21,973</u>	<u>1.0%</u>
Accumulated Depreciation	1,517,506	1,425,607	91,899	6.4%
Net Fixed Assets	<u>756,344</u>	<u>826,270</u>	<u>(69,926)</u>	<u>-8.5%</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF MARCH 31, 2007**

ASSETS

CURRENT ASSETS

Cash	\$ 108,417
Inventory	<u>5,451</u>

Total Current Assets	<u>\$ 113,868</u>
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CAPITAL ASSETS

Land, buildings and equipment	\$ 2,273,850
Less: Accumulated depreciation	<u>-1,517,506</u>

Total Capital Assets	<u>\$ 756,344</u>
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Total Assets	<u>\$ 870,212</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 15,981
Accrued liabilities	8,757
Deferred revenue	<u>3,969</u>

Total Current Liabilities	<u>\$ 28,707</u>
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NET ASSETS

Invested in capital assets	\$ 756,344
Unrestricted	<u>85,161</u>

Total Net Assets	<u>\$ 841,505</u>
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED MARCH 31, 2007**

Operating Income

Tenant rental revenue	\$ 127,047
Total Rental Income	\$ 127,047
HUD grants - operating	55,663
Other revenue	<u>5,494</u>
Total Operating Income	\$ <u>188,204</u>

Operating Expenses

Administration	\$ 54,207
Tenant services	1,307
Utilities	40,746
Ordinary maintenance and operation	74,843
General expense	25,010
Depreciation	<u>95,781</u>
Total Operating Expenses	\$ <u>291,894</u>
Net Operating Income (Loss)	\$ <u>-103,690</u>

Nonoperating Income (Expense)

HUD grants - capital	\$ 18,223
Interest income	<u>3,739</u>
Total Nonoperating Income (Expense)	\$ <u>21,962</u>
Changes in net assets	\$ -81,728
Net assets, beginning of year	919,351
Prior period adjustments	<u>3,882</u>
Net assets, end of year	<u>\$ 841,505</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Operating Activities

Operating grants	\$ 55,663
Tenant revenue	128,515
Other revenue	5,494
Payments to employees	-23,837
Payments to suppliers and contractors	<u>-166,594</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -759</u>

Investing Activities

Investments (purchased) redeemed	\$ 52,847
Interest income	<u>3,739</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 56,586</u>

Capital and Related Financing Activities

HUD grants - capital	\$ 18,223
(Additions) deletions to fixed assets	<u>-25,855</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -7,632</u>

Net Change in Cash	\$ 48,195
Cash Balance at March 31, 2006	<u>60,222</u>
Cash Balance at March 31, 2007	<u><u>\$ 108,417</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

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

Net operating income (loss)	\$ -103,690
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	95,781
Adjustments to net assets	3,882
(Increase) decrease in deferred charges	2,314
(Increase) decrease in other assets	-1,557
Increase (decrease) in accounts payable	530
Increase (decrease) in accrued liabilities	347
Increase (decrease) in deferred revenues	<u>1,634</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -759</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Greendale Housing Authority was established by the City of Greendale 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 Greendale 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 Greendale 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007
(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
- * 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 one 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 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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007
(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	27.5	years
Equipment	7	years
Furniture and fixtures	7	years
Leasehold improvements	10	years

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2007
(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 Board of Commissioners for approval. Subsequent budget revisions may also be required to be submitted to the Board.

(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.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

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

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 104,470	\$ 105,848
Capital Funds	<u>3,947</u>	<u>3,947</u>
Total	<u>\$ 108,417</u>	<u>\$ 109,795</u>

Note 3 - Accounts Receivable

Accounts receivable consists of the following accounts:

Interfund	<u>\$ 22</u>
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**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 4 - Fixed Assets

Balance as of March 31, 2007	\$ 756,344
Balance as of March 31, 2006	<u>826,270</u>
Net Increase (Decrease)	<u>\$ -69,926</u>

Reconciliation

Property betterments and additions	\$ 21,973
Current year depreciation expense	-95,781
Adjustment to fixed asset basis	<u>3,882</u>
Net Increase (Decrease)	<u>\$ -69,926</u>

<u>Analysis</u>	04/01/2006 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	03/31/2007 <u>Balance</u>
Land	\$ 104,520	\$ 1	\$ 0	\$ 104,521
Building	1,693,210	0	0	1,693,210
Equipment and furniture	212,564	73,580	0	286,144
Leasehold improvements	<u>241,583</u>	<u>3,750</u>	<u>55,358</u>	<u>189,975</u>
Total Assets	\$ 2,251,877	\$ 77,331	\$ 55,358	\$ 2,273,850
Accumulated depreciation	<u>-1,425,607</u>	<u>3,882</u>	<u>95,781</u>	<u>-1,517,506</u>
Net Assets	<u>\$ 826,270</u>	<u>\$ 81,213</u>	<u>\$ 151,139</u>	<u>\$ 756,344</u>

Note 5 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 7,231
Tenants security deposits	<u>8,750</u>
Subtotal	\$ 15,981
Interfund	<u>22</u>
Total	<u>\$ 16,003</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

Note 6 - Accrued Liabilities

Accrued liabilities consists of the following:

Payment in lieu of taxes	\$ <u>8,757</u>
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Note 7 - Deferred Revenues

Deferred revenues consist of the following:

Deferred - other	\$ <u>3,969</u>
------------------	-----------------

Note 8 - 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 9 - 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 10 - Prior Year Adjustment to Net Assets

Adjustments to fixed asset basis	\$ <u>3,882</u>
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Note 11 - 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 of past three years.

Note 12 - Economic Dependency

The Housing Authority received a significant portion of its revenue (35%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

7

**GREENDALE HOUSING AUTHORITY
GREENDALE, 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>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-2079	FYE 03/31/07	\$ 51,779	\$ 51,779	\$ 51,779
Public Housing - Capital Funds	14.872	C-2079	FYE 03/31/07	\$ 58,866	\$ 22,107	\$ 22,107
Total Housing Assistance				<u>\$ 110,645</u>	<u>\$ 73,886</u>	<u>\$ 73,886</u>

*Denotes major program.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>
CURRENT ASSETS		
Cash	\$ 104,470	\$ 3,947
Accounts receivable	0	22
Inventory	<u>5,451</u>	<u>0</u>
Total Current Assets	<u>\$ 109,921</u>	<u>\$ 3,969</u>
CAPITAL ASSETS		
Land, buildings and equipment	\$ 2,244,462	\$ 29,388
Less: Accumulated depreciation	<u>-1,514,643</u>	<u>-2,863</u>
Net Capital Assets	<u>\$ 729,819</u>	<u>\$ 26,525</u>
Total Assets	<u>\$ 839,740</u>	<u>\$ 30,494</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 16,003	\$ 0
Accrued liabilities	8,757	0
Deferred revenue	<u>0</u>	<u>3,969</u>
Total Current Liabilities	<u>\$ 24,760</u>	<u>\$ 3,969</u>
 <u>NET ASSETS</u>		
Invested in capital assets	\$ 729,819	\$ 26,525
Unrestricted	<u>85,161</u>	<u>0</u>
Total Net Assets	<u>\$ 814,980</u>	<u>\$ 26,525</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Tenant rental revenue	\$ 127,047	\$ 0
Total Rental Revenue	\$ 127,047	\$ 0
HUD grants - operating	51,779	3,884
Other revenue	<u>5,494</u>	<u>0</u>
Total Operating Income	<u>\$ 184,320</u>	<u>\$ 3,884</u>
 <u>Operating Expenses</u>		
Administration	\$ 51,707	\$ 2,500
Tenant services	1,307	0
Utilities	40,746	0
Ordinary maintenance and operation	73,459	1,384
General expense	25,010	0
Depreciation	<u>93,051</u>	<u>2,730</u>
Total Operating Expenses	<u>\$ 285,280</u>	<u>\$ 6,614</u>
Net Operating Income (Loss)	<u>\$ -100,960</u>	<u>\$ -2,730</u>
 <u>Nonoperating Income (Expense)</u>		
HUD grants - capital	\$ 0	\$ 18,223
Interest income	<u>3,739</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ 3,739</u>	<u>\$ 18,223</u>
Changes in Net Assets	<u><u>\$ -97,221</u></u>	<u><u>\$ 15,493</u></u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Unrestricted Net Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Balance at March 31, 2006	\$ 93,081	\$ 0
Current year net income (loss)	<u>-7,920</u>	<u>0</u>
Balance at March 31, 2007	<u>\$ 85,161</u>	<u>\$ 0</u>
 <u>Invested in Capital Assets</u>		
Balance at March 31, 2006	\$ 775,205	\$ 51,065
Current year net income (loss)	-89,301	15,493
Transfer in/out	40,033	-40,033
Prior year adjustment	<u>3,882</u>	<u>0</u>
Balance at March 31, 2007	<u>\$ 729,819</u>	<u>\$ 26,525</u>
Total Net Assets	<u>\$ 814,980</u>	<u>\$ 26,525</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

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

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>
Operating grants	\$ 51,779	\$ 3,884
Tenant revenue	128,515	0
Other revenue	5,494	0
Payments to employees	-23,837	0
Payments to suppliers and contractors	<u>-164,344</u>	<u>-2,250</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -2,393</u>	<u>\$ 1,634</u>
 <u>Investing Activities</u>		
Investments (purchased) redeemed	\$ 52,847	\$ 0
Interest income	<u>3,739</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 56,586</u>	<u>\$ 0</u>
 <u>Capital and Related Financing Activities</u>		
HUD grants - capital	\$ 0	\$ 18,223
(Additions) deletions to fixed assets	<u>-7,632</u>	<u>-18,223</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -7,632</u>	<u>\$ 0</u>
Net Change in Cash	\$ 46,561	\$ 1,634
Cash Balance at March 31, 2006	<u>57,909</u>	<u>2,313</u>
Cash Balance at March 31, 2007	<u>\$ 104,470</u>	<u>\$ 3,947</u>

**GREENDALE HOUSING AUTHORITY
GREENDALE, 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>
Net operating income (loss)	\$ -100,960	\$ -2,730
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	93,051	2,730
Adjustments to net assets	3,882	0
(Increase) decrease in deferred charges	2,314	0
(Increase) decrease in inventories	-1,557	0
Increase (decrease) in accounts payable	530	0
Increase (decrease) in accrued liabilities	347	0
Increase (decrease) in deferred revenues	<u>0</u>	<u>1,634</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -2,393</u>	<u>\$ 1,634</u>

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

Board of Commissioners
Greendale Housing Authority
Greendale, Indiana

I have audited the financial statements of the governmental activities and the aggregate discretely presented component unit of Greendale Housing Authority as of and for the year ended March 31, 2007, which collectively comprise the Greendale Housing Authority's basic financial statements and have issued my report thereon dated November 9, 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 Greendale Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greendale Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Greendale Housing Authority'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 Greendale Housing Authority'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 Greendale Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Greendale Housing Authority'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 Greendale Housing Authority'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 Greendale Housing Authority'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 Greendale Housing Authority, in a separate letter dated November 9, 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 9, 2007


Certified Public Accountant

**GREENDALE HOUSING AUTHORITY
GREENDALE, 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)

NONE

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended March 31, 2006 contained no findings.

**GREENDALE HOUSING AUTHORITY
GREENDALE, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

There were no audit findings discussed with the Greendale Housing Authority's property management company (QPM) and a representative of the fee accounting firm during the course of the audit and at a conference held November 6, 2007.

**GREENDALE HOUSING AUTHORITY
GREENDALE, 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)				
Security deposit	1114	\$ 150.00		1114
Tenant security deposit liability (To adjust liability)	2114		\$ 150.00	2114
(2)				
PILOT expense	4570	\$ 397.25		2802
PILOT liability (To adjust the liability to actual)	2137		\$ 397.25	2137
(3)				
Prepaid insurance	1211	\$ 1,590.36		1211
Insurance expense (To adjust prepaid insurance to actual per analysis of policies and premiums paid)	4510		\$ 1,590.36	2802
(4)				
Accounts payable	2111	\$ 2,845.87		2111
Gas	4330	1,270.54		2802
Maintenance materials	4420	1,461.11		2802
Contract costs	4430	221.23		2802
Accounting fees	4170		\$ 637.50	2802
Outside management fees	4195		3,180.42	2802
Maintenance labor	4410		1,980.83	2802
(To adjust vendor payable to actual per examination of subsequent payments)				

PHA: IN090 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$95,720	\$3,947	\$99,667
114	Cash - Tenant Security Deposits	\$8,750	\$0	\$8,750
100	Total Cash	\$104,470	\$3,947	\$108,417
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0
143	Inventories	\$5,451	\$0	\$5,451
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$22	\$22
150	Total Current Assets	\$109,921	\$3,969	\$113,890
161	Land	\$104,521	\$0	\$104,521
162	Buildings	\$1,693,210	\$0	\$1,693,210
163	Furniture, Equipment & Machinery - Dwellings	\$203,695	\$29,388	\$233,083
164	Furniture, Equipment & Machinery - Administration	\$53,061	\$0	\$53,061
165	Leasehold Improvements	\$189,975	\$0	\$189,975
166	Accumulated Depreciation	\$-1,514,643	\$-2,863	\$-1,517,506
160	Total Fixed Assets, Net of Accumulated Depreciation	\$729,819	\$26,525	\$756,344
180	Total Non-Current Assets	\$729,819	\$26,525	\$756,344
190	Total Assets	\$839,740	\$30,494	\$870,234
312	Accounts Payable <= 90 Days	\$7,231	\$0	\$7,231
333	Accounts Payable - Other Government	\$8,757	\$0	\$8,757
341	Tenant Security Deposits	\$8,750	\$0	\$8,750
342	Deferred Revenues	\$0	\$3,969	\$3,969
347	Interprogram Due To	\$22	\$0	\$22
310	Total Current Liabilities	\$24,760	\$3,969	\$28,729
350	Total Noncurrent Liabilities	\$0	\$0	\$0
300	Total Liabilities	\$24,760	\$3,969	\$28,729
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$729,819	\$26,525	\$756,344
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$85,161	\$0	\$85,161
513	Total Equity/Net Assets	\$814,980	\$26,525	\$841,505
600	Total Liabilities and Equity/Net Assets	\$839,740	\$30,494	\$870,234
703	Net Tenant Rental Revenue	\$127,047	\$0	\$127,047
705	Total Tenant Revenue	\$127,047	\$0	\$127,047
706	HUD PHA Operating Grants	\$51,779	\$3,884	\$55,663
706.1	Capital Grants	\$0	\$18,223	\$18,223
711	Investment Income - Unrestricted	\$3,739	\$0	\$3,739
715	Other Revenue	\$5,494	\$0	\$5,494
700	Total Revenue	\$188,059	\$22,107	\$210,166
912	Auditing Fees	\$3,918	\$0	\$3,918
913	Outside Management Fees	\$34,850	\$2,500	\$37,350
916	Other Operating - Administrative	\$12,939	\$0	\$12,939
924	Tenant Services - Other	\$1,307	\$0	\$1,307
931	Water	\$5,904	\$0	\$5,904
932	Electricity	\$13,742	\$0	\$13,742
933	Gas	\$18,626	\$0	\$18,626
938	Other Utilities Expense	\$2,474	\$0	\$2,474
941	Ordinary Maintenance and Operations - Labor	\$23,837	\$0	\$23,837
942	Ordinary Maintenance and Operations - Materials and Other	\$5,909	\$1,384	\$7,293
943	Ordinary Maintenance and Operations - Contract Costs	\$43,713	\$0	\$43,713
961	Insurance Premiums	\$16,253	\$0	\$16,253

963	Payments in Lieu of Taxes	\$8,757	\$0	\$8,757
969	Total Operating Expenses	\$192,229	\$3,884	\$196,113
970	Excess Operating Revenue over Operating Expenses	\$-4,170	\$18,223	\$14,053
974	Depreciation Expense	\$93,051	\$2,730	\$95,781
900	Total Expenses	\$285,280	\$6,614	\$291,894
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-97,221	\$15,493	\$-81,728
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$868,286	\$51,065	\$919,351
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$43,915	\$-40,033	\$3,882
1120	Unit Months Available	600	0	600
1121	Number of Unit Months Leased	589	0	589

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