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May 20, 2009

Board of Commissioners  
Goshen Housing Authority  
1101 W. Lincoln Ave., Suite 100  
Goshen, IN 46526

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period October 1, 2005 to September 30, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Goshen Housing Authority, as of September 30, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

We call your attention to the finding in the report. Page 31 contains the status of one prior audit finding.

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**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

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**TWELVE MONTHS ENDED SEPTEMBER 30, 2006**

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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# PAMELA J. SIMPSON, C.P.A.

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(217) 872-1908

## Independent Auditor's Report

Board of Directors  
Goshen Housing Authority  
Goshen, Indiana

I have audited the accompanying basic financial statements of Goshen Housing Authority, as of and for the year ended September 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Goshen Housing Authority, as of September 30, 2006 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 5, 2007, on my consideration of the Authority's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulation, contracts and grants. The purpose of that report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis on pages 3 through 7, are not a required part of the basic 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 performed for the purpose of forming an opinion on the financial statements of the Goshen Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Goshen Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all materials respects, in relation to the basic financial statements taken as a whole.

Decatur, Illinois  
January 5, 2007

  
Certified Public Accountant

## **Management's Discussion and Analysis**

As management of the Housing Authority of the City of Goshen, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Goshen, 1101 W. Lincoln, Suite 100, Goshen, Indiana 46526, (574) 533-9925.

## **Overview of the Financial Statements**

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

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

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authority's finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. One can think of the Authority's net assets as the difference between what the Authority own's (assets) to what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authorities net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of Goshen:

***Section 8 Housing Choice Vouchers (Section 8 Vouchers)***

HUD has contracted with the Housing Authority support for 320 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to Landlords for Low Income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

**Future Events (New Business)**

There are no future events planned by the Authority during the fiscal year ending September 30, 2007 that will significantly affect the Authority's Net Assets either positively or negatively.

**Condensed Comparative Financial Statements**

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

**Total Assets** for FYE 2005 was \$1,006,634 and at FYE 2006 the amount was \$965,918. This represents a net decrease of \$40,716.

**Cash** decreased by \$1,431 or 6%. Cash decreased as a result of receivables not being collected at the end of the fiscal year.

**Other Current Assets increased** by \$28,722. This increased relates to a new short term loan program started in the Business Activity Account (\$18,361) and an increase in fraud recovery receivable accounts (\$5,498).

**Capital Assets decreased** by \$68,057. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

**Current Liabilities** increased \$132,716 or 224%. The major cause of this increase was due to the terms of notes payable (notes previously classified as long term will come due in the next twelve months or will be renewed) resulting in an increase in liability.

HOUSING AUTHORITY OF THE CITY OF GOSHEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING SEPTEMBER 30, 2006

**Long Term Liabilities** decreased by \$148,686. The Authority reclassified amounts due on its long-term debt as described above. Overall the borrowings of the Housing Authority decreased by more than \$29,000 due to the repayment of a portion of the debt. The decrease in the borrowings was partially offset by an increase in Other Long Term Liabilities (FSS Escrow Liability).

The table below illustrates our analysis:

	<u>2006</u>	<u>2005</u>	<u>Net Change</u>	<u>Percent Variances</u>
Cash	22,521	23,952	-1,431	-6.0%
Other Current Assets	48,442	19,670	28,772	146.3%
Capital Assets	894,955	963,012	-68,057	-7.1%
<b>Total Assets</b>	<b>965,918</b>	<b>1,006,634</b>	<b>-40,716</b>	<b>-4.0%</b>
Current Liabilities	191,902	59,186	132,716	224.2%
Long Term Liabilities	277,547	426,233	-148,686	-34.9%
<b>Total Liabilities</b>	<b>469,449</b>	<b>485,419</b>	<b>-15,970</b>	<b>-3.3%</b>
Net Invested in Capital Assets	495,302	534,268	-38,966	-7.3%
Unrestricted Net Assets	1,167	-13,053	14,220	0.0%
<b>Total Net Assets</b>	<b>496,469</b>	<b>521,215</b>	<b>-24,746</b>	<b>-4.7%</b>

*Analysis of Entity Wide Revenues (Statement of Activities)*

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

<u>Program</u>	<u>Revenues Generated</u>
Housing Choice Vouchers	\$2,040,488
Business Activity	\$128,710
CDBG	\$80,603

HOUSING AUTHORITY OF THE CITY OF GOSHEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING SEPTEMBER 30, 2006

	2006	2005	Net Change	Percentage Change
Total Tenant Revenue	121,126	96,853	24,273	25%
HUD Operating Grants	2,040,488	2,060,145	-19,657	-1%
Other Government Grants	97,731	68,587	29,144	43%
Investment Income	77	130	-53	-41%
Other Revenue	16,972	52,634	-35,662	-68%
Total Revenue	<u>2,276,394</u>	<u>2,278,349</u>	<u>-1,955</u>	<u>0%</u>

Total revenues for Fiscal Year Ending September 30, 2006 were \$2,276,394 as compared to the total revenues for Fiscal Year Ending September 30, 2005 \$2,278,349. Comparatively, Fiscal Year Ending 2005 revenues exceeded Fiscal Year Ending 2006 revenues by \$1,955.

*Analysis of Entity Wide Expenditures*

**Total Expenditures** for fiscal year ending September 30, 2006 were \$2,318,653 as compared to \$2,249,970 of total expenditures for fiscal year ending September 30, 2005. Comparatively, fiscal year ending 2006 expenditures exceeded fiscal year ending 2005 expenditures by \$68,683. Changes by major expense category will be presented below.

**Administrative** expenditures decreased by \$39,123 or 11%. The major cause for this decrease related to a decrease in administrative salaries and related benefits.

**Utilities** increased by \$2,404 or 8%. The increase related to normal fluctuations in usage and an increase in utility rates.

**Maintenance** expenditures increased by \$4,656 or 13%. The major cause for this increase related to completion of building improvements in the business activity account that were not capitalized.

**Housing Assistance Payments** increased by \$96,430 or 6%. Leased units for the Voucher Program increased during the fiscal year.

HOUSING AUTHORITY OF THE CITY OF GOSHEN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING SEPTEMBER 30, 2006

The table below illustrates our analysis:

	2006	2005	Net Change	Percent Variances
Administrative	324,555	363,678	-39,123	-11%
Utilities	34,352	31,948	2,404	8%
Maintenance	39,741	35,085	4,656	13%
General Expense	100,614	107,165	-6,551	-6%
Housing Assistance Payments	1,721,550	1,625,120	96,430	6%
Depreciation Expense	97,841	86,974	10,867	13%
<b>Total Expenses</b>	<b><u>2,318,653</u></b>	<b><u>2,249,970</u></b>	<b><u>68,683</u></b>	<b><u>3%</u></b>

**ANALYSIS OF CAPITAL ASSET ACTIVITY**

**Building improvements** increased by \$24,170 or 3.0 %.

**Furniture, Equipment & Machinery – Administration** increased by a net amount \$5,613 or 10.0%. The major equipment item purchased was a used van.

**Accumulated Depreciation** increased by \$97,840 or 44.4%. This is due to the amount of current year depreciation expense.

	2006	2005	Net Change	Percent Variance
Land	15,000	15,000	0	0.0%
Buildings	268,609	268,609	0	0.0%
Furniture, Equipment, & Machinery - Administrative	65,337	59,724	5,613	9.4%
Leasehold Improvements	864,229	840,059	24,170	2.9%
Construction in Process	0	0	0	0.0%
<b>Total Fixed Assets</b>	<b><u>1,213,175</u></b>	<b><u>1,183,392</u></b>	<b><u>29,783</u></b>	<b><u>2.5%</u></b>
Accumulated Depreciation	318,220	220,380	97,840	44.4%
<b>Net Fixed Assets</b>	<b><u>894,955</u></b>	<b><u>963,012</u></b>	<b><u>-68,057</u></b>	<b><u>-7.1%</u></b>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

**ASSETS**

CURRENT ASSETS

Cash	\$ 22,521
Accounts receivable (interfund eliminated)	32,133
Deferred charges	<u>16,309</u>

Total Current Assets \$ 70,963

CAPITAL ASSETS

Land, buildings and equipment	\$ 1,213,175
Less: Accumulated depreciation	<u>-318,220</u>

Total Capital Assets \$ 894,955

Total Assets \$ 965,918

**LIABILITIES**

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 11,385
Notes payable	157,347
Accrued liabilities	13,021
Deferred revenue	<u>10,149</u>

Total Current Liabilities \$ 191,902

NONCURRENT LIABILITIES

Notes payable	\$ 242,306
Trust and deposit liabilities	<u>35,241</u>

Total Noncurrent Liabilities \$ 277,547

**NET ASSETS**

Invested in capital assets	\$ 495,302
Unrestricted	<u>1,169</u>

Total Net Assets \$ 496,469

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Operating Income

Tenant rental revenue	\$ <u>121,126</u>
Total Rental Revenue	\$ 121,126
HUD grants - operating	2,040,488
Other grants	97,731
Fraud recovery	684
Other revenue	<u>16,288</u>
Total Operating Income	\$ <u>2,276,317</u>

Operating Expenses

Administration	\$ 324,555
Utilities	34,352
Ordinary maintenance and operation	39,741
General expense	77,967
Housing assistance payments	1,721,550
Depreciation	<u>97,841</u>
Total Operating Expenses	\$ <u>2,296,006</u>
Net Operating Income (Loss)	\$ <u>-19,689</u>

Nonoperating Income (Expense)

Interest expense	\$ -22,647
Interest income	<u>77</u>
Total Nonoperating Income (Expense)	\$ <u>-22,570</u>
Changes in net assets	\$ -42,259
Net assets, beginning of year	521,215
Prior period adjustments	<u>17,513</u>
Net assets, end of year	<u>\$ 496,469</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Operating Activities

Operating grants	\$ 2,138,219
Tenant revenue	121,126
Other revenue	34,485
Housing assistance payments	-1,721,550
Payments to employees	-201,718
Payments to suppliers and contractors	<u>-290,548</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 80,014</u>

Investing Activities

Interest income	<u>\$ 77</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 77</u>

Capital and Related Financing Activities

Acquisitions of fixed assets	\$ -29,784
Reduction of debt	-29,091
Interest expense	<u>-22,647</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -81,522</u>

Net Change in Cash	\$ -1,431
Cash Balance at September 30, 2005	<u>23,952</u>
Cash Balance at September 30, 2006	<u>\$ 22,521</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

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

Net operating income (loss)	\$ -19,689
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	97,841
Adjustments to net assets	17,513
(Increase) decrease in accounts receivable	-27,535
(Increase) decrease in deferred charges	-1,237
Increase (decrease) in accounts payable	4,774
Increase (decrease) in accrued liabilities	-5,693
Increase (decrease) in deferred revenues	5,498
Increase (decrease) in other liabilities	<u>8,542</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 80,014</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

- \* Section 8 Choice Vouchers
- \* Business Activities
- \* CDBG

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 (1) month or less when purchased to be cash equivalents.

(e) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at September 30, 2006, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(f) Investments -

Investments are stated at cost which approximates market.

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(g) 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
Computer Equipment	3	years
Site Improvements	10	years
Dwelling and Nondwelling Equipment	5	years
Subsequent Modernization to Buildings	10	years

(h) Income Tax -

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

(i) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and other funding sources and may result in disallowance in subsequent periods.

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

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

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>
Voucher	\$ <u>22,521</u>	\$ <u>32,462</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 3 - Compensated Absences

Full time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on length of service with the Housing Authority. Sick leave accrues to full-time, permanent employees to specified maximums. After one year of service, employees are entitled to their sick leave balance and accrued vacation leave upon termination.

The estimated portion of the liability for vested vacation and sick leave benefits attributable to the Housing Authority is recorded as an expenditure and liability in each of the respective programs.

Note 4 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable	\$ 18,631
Allowance for doubtful accounts	-53
Accounts receivable - other	3,676
Fraud recovery	<u>10,149</u>
Subtotal	\$ 32,133
Interfund	<u>492,198</u>
Total	<u>\$ 524,331</u>

Note 5 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 16,309</u>
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Note 6 - Fixed Assets

Balance as of September 30, 2006	\$ 894,955
Balance as of September 30, 2005	<u>963,012</u>
Net Increase (Decrease)	<u>\$ -68,057</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 6 - Fixed Assets (Continued)

Reconciliation

Property betterments and additions	\$ 29,784
Current year depreciation expense	<u>-97,841</u>
Net Increase (Decrease)	<u>\$ -68,057</u>

<u>Analysis</u>	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Buildings	268,609	0	0	268,609
Equipment and furniture	59,724	5,613	0	65,337
Leasehold improvements	<u>840,059</u>	<u>24,170</u>	<u>0</u>	<u>864,229</u>
Total	\$ 1,183,392	\$ 29,783	\$ 0	\$ 1,213,175
Accumulated depreciation	<u>-220,380</u>	<u>-97,840</u>	<u>0</u>	<u>-318,220</u>
Net Assets	<u>\$ 963,012</u>	<u>\$ -68,057</u>	<u>\$ 0</u>	<u>\$ 894,955</u>

Note 7 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 7,362
Payroll taxes payable	<u>4,023</u>
Subtotal	\$ 11,385
Interfund	<u>492,198</u>
Total	<u>\$ 503,583</u>

Note 8 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:	
Accrued compensated absences	<u>\$ 13,021</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 9 - Trust and Deposit Liabilities

This classification consists of the following accounts:

FSS escrow accounts	<u>\$ 35,241</u>
---------------------	------------------

Note 10 - Deferred Revenue

This classification consists of the following accounts:

Fraud recovery	<u>\$ 10,149</u>
----------------	------------------

Note 11 - Long Term Debt

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

<u>Project</u>	<u>Rate</u>	<u>Due Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Business Activities	7.25%	02/01/2007	\$ 45,764	\$ 0	\$ 45,764
Business Activities	4.75%	06/21/2018	18,622	242,306	260,928
Business Activities	7.00%	01/01/2007	<u>92,961</u>	<u>0</u>	<u>92,961</u>
Total			<u>\$ 157,347</u>	<u>\$ 242,306</u>	<u>\$ 399,653</u>

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

<u>Due Fiscal Year Ending</u>	<u>Principal</u>
2006	\$ 157,347
2007	19,507
2008	20,433
2009	21,404
2010	22,421
Thereafter	158,541

Note 12 - Allocation of Costs

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

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

Note 13 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Adjustment of accounts receivable	\$	12,591
Adjustment of accounts receivable - other		-235
Adjustment to cash		-456
Reclassification of expenditures - capitalized		5,613
	<u>\$</u>	<u>17,513</u>

Note 14 - Economic Dependency

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

**SUPPLEMENTAL DATA**

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Housing Choice Vouchers*	14.871	C-2088	FYE 09/30/06	\$ 2,040,488	\$ 2,040,488	\$ 2,040,488
Indirect Programs:						
CDBG	14.219	C-2088	FYE 09/30/06	\$ 17,128	\$ 17,128	\$ 17,128
Total Federal Assistance				<u>\$ 2,057,616</u>	<u>\$ 2,057,616</u>	<u>\$ 2,057,616</u>

\*Denotes major program.

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

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

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

**STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2005**

<u>ASSETS</u>	<u>Voucher</u>	<u>CDBG</u>	<u>Business Activities</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 22,521	\$ 0	\$ 0
Accounts receivable	505,970	0	18,361
Deferred charges	<u>16,309</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>\$ 544,800</u>	<u>\$ 0</u>	<u>\$ 18,361</u>
<b>CAPITAL ASSETS</b>			
Land, buildings and equipment	\$ 62,793	\$ 2,544	\$ 1,147,838
Less: Accumulated depreciation	<u>-48,673</u>	<u>-2,544</u>	<u>-267,003</u>
Net Capital Assets	<u>\$ 14,120</u>	<u>\$ 0</u>	<u>\$ 880,835</u>
Total Assets	<u>\$ 558,920</u>	<u>\$ 0</u>	<u>\$ 899,196</u>
 <b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 6,165	\$ 70,412	\$ 427,006
Notes payable	0	0	157,347
Accrued liabilities	13,021	0	0
Deferred revenue	<u>10,149</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>\$ 29,335</u>	<u>\$ 70,412</u>	<u>\$ 584,353</u>
<b>NONCURRENT LIABILITIES</b>			
Notes payable	\$ 0	\$ 0	\$ 242,306
Trust and deposit liabilities	<u>35,241</u>	<u>0</u>	<u>0</u>
Total Noncurrent Liabilities	<u>\$ 35,241</u>	<u>\$ 0</u>	<u>\$ 242,306</u>
 <b><u>NET ASSETS</u></b>			
Invested in capital assets	\$ 14,120	\$ 0	\$ 481,182
Unrestricted	<u>480,224</u>	<u>-70,412</u>	<u>-408,645</u>
Total Net Assets	<u>\$ 494,344</u>	<u>\$ -70,412</u>	<u>\$ 72,537</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Operating Income</u>	<u>Voucher</u>	<u>CDBG</u>	<u>Business Activities</u>
Tenant rental revenue	\$ 0	\$ 0	\$ 121,126
Total Rental Revenue	\$ 0	\$ 0	\$ 121,126
HUD grants - operating	2,040,488	0	0
Other grants	80,603	17,128	0
Fraud recovery	684	0	0
Other revenue	<u>8,704</u>	<u>0</u>	<u>7,584</u>
Total Operating Income	<u>\$ 2,130,479</u>	<u>\$ 17,128</u>	<u>\$ 128,710</u>
 <u>Operating Expenses</u>			
Administration	\$ 287,631	\$ 13,625	\$ 23,299
Utilities	0	0	34,352
Ordinary maintenance and operation	8,457	0	31,284
General expense	27,137	0	50,830
Depreciation	4,703	0	93,138
Housing assistance payments	<u>1,721,550</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>\$ 2,049,478</u>	<u>\$ 13,625</u>	<u>\$ 232,903</u>
Net Operating Income (Loss)	<u>\$ 81,001</u>	<u>\$ 3,503</u>	<u>\$ -104,193</u>
 <u>Nonoperating Income (Expense)</u>			
Interest expense	\$ 0	\$ 0	\$ -22,647
Interest income	<u>77</u>	<u>0</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ 77</u>	<u>\$ 0</u>	<u>\$ -22,647</u>
Changes in Net Assets	<u>\$ 81,078</u>	<u>\$ 3,503</u>	<u>\$ -126,840</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Invested in Capital Assets</u>	<u>Voucher</u>	<u>CDBG</u>	<u>Business Activities</u>
Balance at September 30, 2005	\$ 13,209	\$ 0	\$ 521,059
Current year net income (loss)	<u>911</u>	<u>0</u>	<u>-39,877</u>
Balance at September 30, 2006	<u>\$ 14,120</u>	<u>\$ 0</u>	<u>\$ 481,182</u>
 <u>Unrestricted Net Assets</u>			
Balance at September 30, 2005	\$ 395,135	\$ -73,915	\$ -334,273
Current year net income (loss)	80,167	3,503	-86,963
Prior year adjustments	<u>4,922</u>	<u>0</u>	<u>12,591</u>
Balance at September 30, 2006	<u>\$ 480,224</u>	<u>\$ -70,412</u>	<u>\$ -408,645</u>
Total Net Assets	<u>\$ 494,344</u>	<u>\$ -70,412</u>	<u>\$ 72,537</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Operating Activities</u>	<u>Voucher</u>	<u>CDBG</u>	<u>Business Activities</u>
Operating grants	\$ 2,040,488	\$ 17,128	\$ 0
Tenant revenue	0	0	121,126
Other revenue	94,913	0	20,175
Housing assistance payments	-1,721,550	0	0
Payments to employees	-188,093	0	0
Payments to suppliers and contractors	<u>-221,652</u>	<u>-17,128</u>	<u>-65,393</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,106</u>	<u>\$ 0</u>	<u>\$ 75,908</u>
 <u>Investing Activities</u>			
Interest income	<u>\$ 77</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 77</u>	<u>\$ 0</u>	<u>\$ 0</u>
 <u>Capital and Related Financing Activities</u>			
Acquisitions/payments to fixed assets	\$ -5,614	\$ 0	\$ -24,170
Reduction in debt	0	0	-29,091
Interest expense	<u>0</u>	<u>0</u>	<u>-22,647</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -5,614</u>	<u>\$ 0</u>	<u>\$ -75,908</u>
Net Change in Cash	\$ -1,431	\$ 0	\$ 0
Cash Balance at September 30, 2005	<u>23,952</u>	<u>0</u>	<u>0</u>
Cash Balance at September 30, 2006	<u>\$ 22,521</u>	<u>\$ 0</u>	<u>\$ 0</u>

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided (Used) by Operating Activities</u>	<u>Voucher</u>	<u>CDBG</u>	<u>Business</u> <u>Activities</u>
Net operating income (loss)	\$ 81,001	\$ 3,503	\$ -104,193
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	4,703	0	93,138
Adjustments to net assets	4,922	0	12,591
(Increase) decrease in accounts receivable	-93,784	0	-18,361
(Increase) decrease in deferred charges	-1,237	0	0
Increase (decrease) in accounts payable	154	-3,503	92,733
Increase (decrease) in accrued liabilities	-5,693	0	0
Increase (decrease) in deferred revenues	5,498	0	0
Increase (decrease) in other liabilities	<u>8,542</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,106</u>	<u>\$ 0</u>	<u>\$ 75,908</u>

# PAMELA J. SIMPSON, C.P.A.

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

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

Board of Commissioners  
Goshen Housing Authority  
Goshen, Indiana

I have audited the financial statements of the Goshen Housing Authority as of and for the year ended September 30, 2006, and have issued my report thereon dated January 5, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

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

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

Decatur, Illinois  
January 5, 2007

  
Certified Public Accountant

# PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD  
DECATUR, ILLINOIS 62526  
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## **Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Commissioners  
Goshen Housing Authority  
Goshen, Indiana

### Compliance

I have audited the compliance of Goshen Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. Goshen Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Goshen Housing Authority's management. My responsibility is to express an opinion on Goshen Housing Authority's compliance based on my audit.

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

In my opinion, Goshen Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items one.

### Internal Control Over Compliance

The management of Goshen Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Goshen Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards

I have audited the financial statements of the Goshen Housing Authority of and for the year ended September 30, 2006, and have issued my report hereon dated January 5, 2007. My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Decatur, Illinois  
January 5, 2007

  
Certified Public Accountant

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

**Summary of Auditor's Results**

Low Risk Auditee \_\_\_\_\_ yes  no

*Financial Statements*

Type of auditor's report: Unqualified

\* Material weakness(es) identified? \_\_\_\_\_ yes  no

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

Noncompliance material to financial statements noted \_\_\_\_\_ yes  no

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified? \_\_\_\_\_ yes  no

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

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

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

Major Programs: (Threshold \$300,000) CFDA Number(s)

Housing Choice Vouchers 14.871

GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2005 contained one finding. The action taken is described below:

**Finding 1: Audited Financial Statements were not submitted timely.**

Due to a computer program failure, the Housing Authority could not provide adequate records for the completion of a timely submitted audit. For fiscal year ended September 30, 2006 the financial statements were available in a timely manner and audits completed within nine months of the year end. This finding is considered closed.

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

**CURRENT FINDINGS AND RECOMMENDATIONS**

There were no audit finding discussed with Bob Brenneman, Executive Director, during the course of the audit and at an exit conference held January 5, 2007.

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accounts payable - vendor	2111	\$ 1,901.38		2111
Administrative salaries	4502		\$ 820.00	2804
Advertising	4510		578.31	2804
Office supplies	4514		503.07	2804
(To reverse prior year's vendor payable)				
(2)				
HUD - Home ownership	2213	\$ 4,102.00		2213
Home ownership subsidy	2214		\$ 4,102.00	2804
(To reclassify March 2006 deposit)				
(3)				
Accounts payable	2000		\$ 128.93	2000
Due to/from Business Activities	----	\$ 96.43		----
Due to/from Business Activities	----	32.50		----
(To reverse credit memos, applied but not cleared from accounts payable)				
(4)				
SS/MC federal tax expense	4503		\$ 1,817.94	2804
Payroll liabilities	2100	\$ 115,449.11		2100
SS/MC federal payroll taxes	2113		96,803.62	2113
State payroll tax payable	2115		16,827.55	2115
(To adjust withholding accounts to liability @ 09/30/06 per analysis)				
(5)				
Prepaid insurance	1211	\$ 1,238.29		1211
Insurance expense	4521		\$ 1,238.29	2804
(To adjust prepaid insurance to actual)				
(6)				
Accounts receivable	1200	\$ 210.00		1200
Section 8 income	3410		\$ 210.00	2804
(To reclassify Cynthia Johnson's June deposit)				
(7)				
Cash	1111		\$ 423.15	1111
Unrestricted fund balance	2804	\$ 423.15		2804
(To adjust FYE 2004 audit adjustments not posted)				
(8)				
Wages payable	2112	\$ 6,195.95		2112
Administrative salaries	4502		\$ 6,195.95	2804
(To adjust wages payable to actual)				

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(9)				
Advertising	4510	\$ 455.64		2804
Computer program	4512	30.00		2804
Membership dues	4513	70.00		2804
Office supplies	4514	41.09		2804
Phone expense	4515	695.68		2804
Maintenance and operation	4520	850.00		2804
Vendor	2111		\$ 2,142.41	2111
(To set-up vendor payable for 2006)				
(10)				
Housing assistance payments	4715	\$ 1,641.00		2804
Due to/from Business Activities	----		\$ 1,641.00	----
(To adjust HAP for rent paid for D. Parnakis - loan received on Business Activities)				
(11)				
Accounts receivable - tenants (fraud)	1122	\$ 5,497.78		1122
Miscellaneous income	3610	570.00		2804
Deferred fraud recovery	2270		\$ 5,497.78	2270
Fraud recovery	3450		570.00	2804
(To adjust fraud recovery to calculation)				
(12)				
Employee deductions	4504	\$ 15,683.79		2804
Unrestricted	2804	234.66		2804
Section 8 income	3410	330.00		2804
Accounts receivable - other	1129	3,891.55		1129
Payroll expense	4502		\$ 20,140.00	2804
(To adjust employee advances to actual)				
(13)				
Depreciation expense	5000	\$ 4,702.80		2805
Accumulated depreciation	1404		\$ 4,702.80	1404
(To record current depreciation)				
(14)				
Fixed assets	1400	\$ 5,613.22		1400
Invested in capital assets	2805		\$ 5,613.22	2805
(To reclassify prior year expenditures)				

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Business Activities</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Accounts payable - vendor	2111.3	\$ 600.00		2111.3
1101 W. Lincoln - janitorial	4390		\$ 600.00	2804
(To reverse prior year's vendor payable)				
(2)				
GHA - 1101 W. Lincoln - const.	4380	\$ 96.43		2804
Other expense	8101	32.50		2804
Due to/from Voucher	----		\$ 128.93	----
(To adjust interfund accounts and vendor payable)				
(3)				
Land, structures and equipment	1400	\$ 24,170.21		1400
Depreciation expense	5000	93,138.17		2804
GHA - 1101 W. Lincoln - const.	4380		\$ 24,170.21	2804
Accumulated depreciation	1401		93,138.17	1401
(To reclassify building improvements and record depreciation expense)				
(4)				
GHA - 712 S. 10 <sup>th</sup> - utilities - #1	4361	\$ .00		2804
GHA - 712 S. 10 <sup>th</sup> - utilities - #2	4362	12.59		2804
GHA - 712 S. 10 <sup>th</sup> - utilities - #3	4363	17.73		2804
GHA - 1101 W. Lincoln - exp.	4382	.00		2804
Lincoln Ave. - utilities	4383	110.92		2804
Lincoln Ave. - storage	4384	745.20		2804
Lincoln Ave. - rugs	4386	103.96		2804
Lincoln Ave. - yard work	4387	298.30		2804
Lincoln Ave. - maintenance	4388	1,091.26		2804
Lincoln Ave. - janitorial	4390	225.00		2804
437 N. 1 <sup>st</sup> - rental maintenance	4402	354.26		2804
813 N. Indian - rental maintenance	4404	2,006.37		2804
901 N. Main - rental maintenance	4405	53.00		2804
437 N. 1 <sup>st</sup> - utilities	4408	121.24		2804
813 N. Indian - utilities	4410	28.71		2804
Other expense	8100	51.41		2804
Vendors	2111.3		\$ 5,219.95	2111.3
(To set-up vendor payable for 2006)				
(5)				
1 <sup>st</sup> Source Bank	2700	\$ 5,210.25		2700
GHA loan payment	4370		\$ 5,725.62	2804
GHA interest loan	4369	515.37		2804
1101 E. Lincoln - interest loan	4375		34.26	2804
1101 E. Lincoln - principal	4376		23,846.05	2804
1 <sup>st</sup> Source Bank	2701	23,880.31		2701
(To correct posting of payments of loans)				

**GOSHEN HOUSING AUTHORITY  
GOSHEN, INDIANA**

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

<u>Business Activities</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(6)				
Dog House note receivables	----	\$ 18,360.85		----
City rental util 66818 US 33	4412		\$ 3,131.34	2804
Miscellaneous income - van usage	25000		1,898.58	2804
Rental income	3113		2,380.00	2804
Duc/to from Voucher	----	1,641.00		----
Surplus - prior year AJE	2804		12,591.93	2804
(To adjust loan receivables - Dog House funds)				

PHA: IN101 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Community Development Block Grants/Entitlement Grants	Housing Choice Vouchers	Total
111	Cash - Unrestricted	\$0	\$0	\$22,521	\$22,521
100	Total Cash	\$0	\$0	\$22,521	\$22,521
125	Accounts Receivable - Miscellaneous	\$18,361	\$0	\$3,676	\$22,037
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$10,149	\$10,149
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$-53	\$-53
120	Total Receivables, net of allowances for doubtful accounts	\$18,361	\$0	\$13,772	\$32,133
142	Prepaid Expenses and Other Assets	\$0	\$0	\$16,309	\$16,309
144	Interprogram Due From	\$0	\$0	\$492,198	\$492,198
150	Total Current Assets	\$18,361	\$0	\$544,800	\$563,161
161	Land	\$15,000	\$0	\$0	\$15,000
162	Buildings	\$268,609	\$0	\$0	\$268,609
164	Furniture, Equipment & Machinery - Administration	\$0	\$2,544	\$62,793	\$65,337
165	Leasehold Improvements	\$864,229	\$0	\$0	\$864,229
166	Accumulated Depreciation	\$-267,003	\$-2,544	\$-48,673	\$-318,220
160	Total Fixed Assets, Net of Accumulated Depreciation	\$880,835	\$0	\$14,120	\$894,955
180	Total Non-Current Assets	\$880,835	\$0	\$14,120	\$894,955
190	Total Assets	\$899,196	\$0	\$558,920	\$1,458,116

PHA: IN101 FYED: 09/30/2006

Line Item No.	Account Description	Business Activities	Community Development Block Grants/Entitlement Grants	Housing Choice Vouchers	Total
312	Accounts Payable <= 90 Days	\$5,220	\$0	\$2,142	\$7,362
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$4,023	\$4,023
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$13,021	\$13,021
342	Deferred Revenues	\$0	\$0	\$10,149	\$10,149
344	Current Portion of Long-term Debt - Operating Borrowings	\$157,347	\$0	\$0	\$157,347
347	Interprogram Due To	\$421,786	\$70,412	\$0	\$492,198
310	Total Current Liabilities	\$584,353	\$70,412	\$29,335	\$684,100
352	Long-term Debt, Net of Current - Operating Borrowings	\$242,306	\$0	\$0	\$242,306
353	Noncurrent Liabilities - Other	\$0	\$0	\$35,241	\$35,241
350	Total Noncurrent Liabilities	\$242,306	\$0	\$35,241	\$277,547
300	Total Liabilities	\$826,659	\$70,412	\$64,576	\$961,647
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$481,182	\$0	\$14,120	\$495,302
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$-408,645	\$-70,412	\$480,224	\$1,167
513	Total Equity/Net Assets	\$72,537	\$-70,412	\$494,344	\$496,469
600	Total Liabilities and Equity/Net Assets	\$899,196	\$0	\$558,920	\$1,458,116

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Line Item No.	Account Description	Business Activities	Community Development Block Grants/Entitlement Grants	Housing Choice Vouchers	Total
703	Net Tenant Rental Revenue	\$121,126	\$0	\$0	\$121,126
705	Total Tenant Revenue	\$121,126	\$0	\$0	\$121,126
706	HUD PHA Operating Grants	\$0	\$0	\$2,040,488	\$2,040,488
708	Other Government Grants	\$0	\$17,128	\$80,603	\$97,731
711	Investment Income - Unrestricted	\$0	\$0	\$77	\$77
714	Fraud Recovery	\$0	\$0	\$684	\$684
715	Other Revenue	\$7,584	\$0	\$8,704	\$16,288
700	Total Revenue	\$128,710	\$17,128	\$2,130,556	\$2,276,394

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Line Item No.	Account Description	Business Activities	Community Development Block Grants/Entitlement Grants	Housing Choice Vouchers	Total
911	Administrative Salaries	\$0	\$13,625	\$182,400	\$196,025
912	Auditing Fees	\$0	\$0	\$7,840	\$7,840
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$32,302	\$32,302
916	Other Operating - Administrative	\$23,299	\$0	\$65,089	\$88,388
938	Other Utilities Expense	\$34,352	\$0	\$0	\$34,352
942	Ordinary Maintenance and Operations - Materials and Other	\$31,284	\$0	\$7,487	\$38,771
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$970	\$970
961	Insurance Premiums	\$0	\$0	\$20,237	\$20,237
962	Other General Expenses	\$50,830	\$0	\$6,900	\$57,730
967	Interest Expense	\$22,647	\$0	\$0	\$22,647
969	Total Operating Expenses	\$162,412	\$13,625	\$323,225	\$499,262
970	Excess Operating Revenue over Operating Expenses	\$-33,702	\$3,503	\$1,807,331	\$1,777,132
973	Housing Assistance Payments	\$0	\$0	\$1,721,550	\$1,721,550
974	Depreciation Expense	\$93,138	\$0	\$4,703	\$97,841
900	Total Expenses	\$255,550	\$13,625	\$2,049,478	\$2,318,653
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-126,840	\$3,503	\$81,078	\$-42,259

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Line Item No.	Account Description	Business Activities	Community Development Block Grants/Entitlement Grants	Housing Choice Vouchers	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$186,786	\$-73,915	\$408,344	\$521,215
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$12,591	\$0	\$4,922	\$17,513
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$1,879,776	\$1,879,776
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$25,422	\$25,422
1116	Total Annual Contributions Available	\$0	\$0	\$1,905,198	\$1,905,198
1120	Unit Months Available	12	0	3,840	3,852
1121	Number of Unit Months Leased	12	0	3,324	3,336
1117	Administrative Fee Equity	\$0	\$0	\$5,710	\$5,710
1118	Housing Assistance Payments Equity	\$0	\$0	\$488,634	\$488,634

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