

B37054

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

ST. JOSEPH COUNTY HOUSING CONSORTIUM

ST. JOSEPH COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
05/27/2010



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	John H. Murphy (Interim) M. Catherine Fanello Gregg D. Zientara	10-05-07 to 03-02-08 03-03-08 to 08-16-09 08-17-09 to 12-31-11
Administrator	Pam Meyer	11-01-07 to 12-31-10
President of the Board	Donald Fozo	01-01-08 to 12-31-10



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY  
HOUSING CONSORTIUM, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Joseph County Housing Consortium (Consortium), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Consortium's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our 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 we 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. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Consortium prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position of the governmental activities and the major fund of the Consortium as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Consortium has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated February 8, 2010, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

STATE BOARD OF ACCOUNTS

February 8, 2010



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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

TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY  
HOUSING CONSORTIUM, ST. JOSEPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities and the major fund of the St. Joseph County Housing Consortium (Consortium), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated February 8, 2010. We conducted our 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 our audit, we considered the Consortium's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Consortium's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Consortium's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Consortium's management 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 8, 2010

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes In Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 1,218,463	\$ 107,706	\$ 1,099,872	\$ (10,885)
General receipts:				
Interest Income				3,311
Change in net assets				(7,574)
Net assets - beginning				95,873
Net assets - ending				\$ 88,299
<u>Assets</u>				
Cash and investments				\$ 88,299
<u>Net Assets</u>				
Unrestricted				\$ 88,299

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

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 1,131,064	\$ 128,357	\$ 990,759	\$ (11,948)
General receipts:				
Interest Income				3,054
Change in net assets				(8,894)
Net assets - beginning				88,299
Net assets - ending				\$ 79,405
<u>Assets</u>				
Cash and investments				\$ 79,405
<u>Net Assets</u>				
Unrestricted				\$ 79,405

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

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUND  
For The Year Ended December 31, 2008

	General
Receipts:	
Intergovernmental	\$ 1,099,872
Charges for services	107,706
Total receipts	1,207,578
Disbursements:	
General government	1,218,463
Excess of receipts over disbursements	(10,885)
Other financing sources:	
Interest	3,311
Deficiency of receipts and other financing sources over disbursements and other financing uses	(7,574)
Cash and investment fund balance - beginning	95,873
Cash and investment fund balance - ending	\$ 88,299
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 88,299
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	\$ 88,299

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

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUND  
For The Year Ended December 31, 2009

	General
Receipts:	
Intergovernmental	\$ 990,759
Charges for services	128,357
Total receipts	1,119,116
Disbursements:	
General government	1,131,064
Deficiency of receipts over disbursements	(11,948)
Other financing sources:	
Interest Income	3,054
Deficiency of receipts and other financing sources over disbursements and other financing uses	(8,894)
Cash and investment fund balance - beginning	88,299
Cash and investment fund balance - ending	\$ 79,405
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 79,405
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	\$ 79,405

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

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Consortium was established under the laws of the State of Indiana. The Consortium operates under an appointed governing board.

The Consortium's financial reporting entity is composed of the following:

Primary Government: St. Joseph County Housing Consortium

In determining the financial reporting entity, the Consortium complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, at this time, the Consortium has not established any fiduciary funds nor do they have any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the Consortium has not established any proprietary or fiduciary funds including any enterprise funds.

The Consortium reports the following major governmental fund:

The general fund is the primary operating fund. It accounts for all financial resources of the general government.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Consortium utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The Consortium does not have any enterprise or internal service funds.

D. Assets and Cash and Investment Balances

1. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Consortium's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Detailed Notes on All Funds

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

III. Other Information

Risk Management

The Consortium has no capital assets, but is exposed to various risks of loss related to torts and errors and omissions.

The policy of the Consortium is not to purchase commercial insurance for the risks of loss related to torts and errors and omissions. Instead, the Consortium records as an expenditure any loss as the liability is incurred.

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY  
HOUSING CONSORTIUM, ST. JOSEPH COUNTY, INDIANA

Compliance

We have audited the compliance of the St. Joseph County Housing Consortium (Consortium) 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 years ended December 31, 2008 and 2009. The Consortium'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 the Consortium's management. Our responsibility is to express an opinion on the Consortium's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our 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 we 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 the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Consortium's compliance with those requirements.

We were unable to obtain sufficient documentation supporting the compliance of the Consortium with the HOME Investment Partnerships Program regarding subrecipient monitoring nor were we able to satisfy ourselves as to the Consortium's compliance with those requirements by other auditing procedures as described in item 2009-1.

As described in item 2009-1 in the accompanying Schedule of Findings and Questioned Costs, the Consortium did not comply with requirements regarding subrecipient monitoring that are applicable to its HOME Investment Partnerships Program. Compliance with such requirements is necessary, in our opinion, for the Consortium to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

In our opinion, due to the noncompliance described in the preceding paragraph, the Consortium did not comply with the requirements of the HOME Investment Partnerships Program for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Consortium 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 our audit, we considered the Consortium's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a Consortium's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2009-1, to be material weaknesses.

The Consortium's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Consortium's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Consortium's management 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 8, 2010

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Grant				
HOME Investment Partnerships Program	14.239	M-08-DC-18-0208	\$ 1,218,330	\$ -
		M-09-DC-18-0208	<u>-</u>	<u>1,131,009</u>
Total Federal Awards Expended			<u>\$ 1,218,330</u>	<u>\$ 1,131,009</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Joseph County Housing Consortium (Consortium) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Consortiums shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the Consortium provided federal awards to subrecipients as follows for the years ended December 31, 2008 and 2009:

Program Title	Federal CFDA Number	2008	2009
HOME Investment Partnerships Program	14.239	\$ 1,218,330	\$ 1,131,009

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

No matters are reportable.

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

Federal Agency: Department of Housing and Urban Development  
Federal Program: HOME Investment Partnerships Program  
CFDA Number: 14.239  
Federal Award Number: M-08-DC-18-0208 and M-09-DC-18-0208

FINDING 2009-1, SUBRECIPIENT MONITORING

The unit could not provide written substantiation of subrecipient monitoring, including, but not limited to, site visits of the subrecipient for the year 2008. The unit did not perform subrecipient monitoring, including, but not limited to, site visits of the subrecipient for the year 2009.

In accordance with 24 CFR 85.40 (a), *Monitoring by grantees*: "Grantees are responsible for managing the day to day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

Failure to adhere to this requirement could cause the unit to be deemed ineligible to receive federal awards in the future. Additionally failure to adhere to this requirement could result in the subrecipient spending federally awarded funds in a manner which is not consistent with the program's intended purpose or the subrecipient may qualify individuals, and award funds to those, who may not be eligible for such award.

We recommended the unit establish procedures to ensure the unit adequately monitors each subrecipient on a rotating basis to ensure federal awards are received and expended in accordance with the requirements of OMB Circular A-133.

ST. JOSEPH COUNTY HOUSING CONSORTIUM  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



ST. JOSEPH COUNTY

## HOUSING CONSORTIUM

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### **CORRECTIVE ACTION PLAN**

**Submitted/Discussed at Exit Conference for State Board of Accounts Audit  
February 8, 2010**

This Corrective Action Plan is in response to a State Board of Accounts audit finding noted for the 2008 and 2009 years. The issue raised is relative to specific on-site monitoring of sub-grantees of which there is no record.

The 2008 and 2009 program years involved a transition within the Department resulting from a reorganization that included staff reassignments, as well as staff reductions found necessary due to budgetary issues. These changes affected the Consortium staff. Additionally, the City was a recipient of three additional funding sources CDBG-R, NSP and HPRP –with all processes due at the same time, along with a physical office move. Given this situation limited monitoring was accomplished. However regular communication with the sub-grantees did occur, monthly progress reports were submitted and claims were reviewed when submitted.

The St. Joseph County Housing Consortium follows the HCD (Housing and Community Development Plan) Monitoring (91.230) on the types and schedule of monitoring for all its funds. It will continue to follow these forms of monitoring throughout the year. Additionally, the Consortium will continue to follow the plan with regard to on-site monitoring, and schedule early in the year the necessary appointments for on-site monitoring through out the calendar year.

*James C. Meyer*  
*Director 2/8/10*



ST. JOSEPH COUNTY HOUSING CONSORTIUM  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2010, with Pam Meyer, Administrator; and Beth Leonard-Inks, Director of Finance and Program Management. Our audit disclosed no material items that warrant comment at this time.