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May 29, 2014

Board of Directors
Logansport Housing Authority
719 Spencer Street, Suite 100
Logansport, IN 46947

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

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

STATE BOARD OF ACCOUNTS

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2007

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated July 11, 2008, on my consideration of the Logansport Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

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

Decatur, Illinois
July 11, 2008

Certified Public Accountant

**LOGANSPOORT HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2007**

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Management's Discussion and Analysis

As management of Logansport Housing Authority, 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 December 31, 2007. 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, Logansport Housing Authority, 719 Spencer Street, Suite 100, Logansport, Indiana 46947, (574) 753-4666.

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 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.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2008 that will significantly affect the Authority's Net Assets either positively or negatively.

**LOGANSPOUT HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2007**

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets

Total Assets for FYE 2006 was \$326,176 and at FYE 2007 the amount was \$357,445. This represents a net increase of \$31,269.

Cash decreased by \$1,381. Cash decreased overall because of the normal operation of the Authority.

Other Current Assets increased by \$30,199. The cause of this comes from the addition of investments this year.

Capital Assets increased by \$2,451. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased by \$943 or 41%. The cause of this was a decrease in the withholding taxes this year.

Noncurrent Liabilities increased by \$257. The reason for the increase was the gain in the FSS program.

The table below illustrates our analysis:

	<u>2007</u>	<u>2006</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	316,121	317,502	(1,381)	0%
Other Current Assets	32,064	1,865	30,199	1619%
Capital Assets	9,260	6,809	2,451	36%
Total Assets	<u>357,445</u>	<u>326,176</u>	<u>31,269</u>	<u>10%</u>
Current Liabilities	1,332	2,275	(943)	-42%
Noncurrent Liabilities	25,704	25,447	257	1%
Total Liabilities	<u>27,036</u>	<u>27,722</u>	<u>(686)</u>	<u>-3%</u>
Net Invested in Capital Assets	9,260	6,809	2,451	36%
Restricted Net Assets	168,952	0	168,952	100%
Unrestricted Net Assets	152,197	291,645	(139,448)	-48%
Total Net Assets	<u><u>330,409</u></u>	<u><u>298,454</u></u>	<u><u>31,955</u></u>	<u><u>11%</u></u>

**LOGANSPORT HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2007**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2007 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Housing Choice Vouchers	\$1,054,632

Total revenues for Fiscal Year Ending December 31, 2006 were \$1,074,956 as compared to the total revenues for Fiscal Year Ending December 31, 2007 of \$1,054,632. Comparatively, Fiscal Year Ending 2006 revenues exceeded Fiscal Year Ending 2007 revenues by \$20,324.

	<u>2007</u>	<u>2006</u>	<u>Variance</u>	<u>Percentage Change</u>
HUD Operating Grants	1,041,260	1,030,181	11,079	1%
Other Government Grants	0	28,548	(28,548)	-100%
Investment Income	4,446	2,959	1,487	50%
Fraud Recovery	2,130	1,476	654	44%
Other Revenue	6,796	11,792	(4,996)	-42%
Total Revenue	1,054,632	1,074,956	(20,324)	-2%

**LOGANSPOUT HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2007**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2006 were \$978,938 as compared to \$1,024,708 of total expenditures for Fiscal Year Ending December 31, 2007. Comparatively, Fiscal Year Ending 2007 expenditures exceeded Fiscal Year Ending 2006 expenditures by \$45,770. Changes by major expense category will be presented below.

Administrative expenditures increased by \$359. The cause for this increase is mostly in salaries.

Tenant Services expenditures increased by \$285. The Authority expended more in salary this year than in the prior year.

General Expense increased by \$1,873. This was due to an increase in bad debt.

Housing Assistance Payments increased by \$42,787 or 5%.

The table below illustrates our analysis:

	<u>2007</u>	<u>2006</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	129,888	129,529	359	0%
Tenant Services	28,833	28,548	285	1%
General Expense	4,902	3,029	1,873	62%
Housing Assistance Payments	858,992	816,205	42,787	5%
Depreciation Expense	2,093	1,627	466	29%
Total Expenses	<u>1,024,708</u>	<u>978,938</u>	<u>45,770</u>	<u>5%</u>

**LOGANSPORT HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2007**

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Analysis of Capital Asset Activity

Furniture, Equipment & Machinery – Administration increased by a net amount \$4,544 or 29%. The most significant asset purchased was a new phone system.

Accumulated Depreciation increased by \$2,093. This is the amount of current year depreciation expense.

	2007	2006	Variance	Percentage Change
Furniture, Equipment, & Machinery - Administrative	20,219	15,675	4,544	29.0%
Total Fixed Assets	20,219	15,675	4,544	29.0%
Accumulated Depreciation	10,959	8,866	2,093	23.6%
Net Fixed Assets	9,260	6,809	2,451	36.0%

Outstanding Debt

The Housing Authority had no outstanding debt in fiscal year 2006 or 2007.

**LOGANSPOORT HOUSING AUTHORITY
LOGANSPOORT, INDIANA**

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

ASSETS

CURRENT ASSETS

Cash	\$ 147,169
Accounts receivable (interfund eliminated)	854
Investments	25,704
Deferred charges	<u>5,506</u>

Total Current Assets \$ 179,233

CAPITAL ASSETS

Land, buildings and equipment	\$ 20,219
Less: Accumulated depreciation	<u>-10,959</u>

Total Capital Assets \$ 9,260

RESTRICTED ASSETS

Cash	<u>\$ 168,952</u>
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Total Assets \$ 357,445

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	<u>\$ 1,332</u>
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NONCURRENT LIABILITIES

Trust and deposit liabilities	<u>\$ 25,704</u>
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Total Liabilities \$ 27,036

NET ASSETS

Invested in capital assets	\$ 9,260
Restricted	168,952
Unrestricted	<u>152,197</u>

Total Net Assets \$ 330,409

**LOGANSPOUT HOUSING AUTHORITY
LOGANSPOUT, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2007**

Operating Income

HUD grants - operating	\$ 1,041,260
Other income	<u>8,926</u>
Total Operating Income	<u>\$ 1,050,186</u>

Operating Expenses

Administration	\$ 129,888
Tenant services	28,833
General expense	4,902
Housing assistance payments	858,992
Depreciation	<u>2,093</u>
Total Operating Expenses	<u>\$ 1,024,708</u>
Net Operating Income (Loss)	<u>\$ 25,478</u>

Nonoperating Income (Expense)

Interest income	<u>\$ 4,446</u>
Total Nonoperating Income (Expense)	<u>\$ 4,446</u>
Changes in net assets	\$ 29,924
Net assets, beginning of year	298,454
Prior period adjustments	<u>2,031</u>
Net assets, end of year	<u><u>\$ 330,409</u></u>

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Operating Activities

Operating grants	\$ 1,041,260
Other revenue	8,072
Housing assistance payments	-858,992
Payments to employees	-110,435
Payments to suppliers and contractors	<u>-55,484</u>

Net Cash Provided (Used) by Operating Activities \$ 24,421

Investing Activities

Investments (purchased) redeemed	\$ -25,704
Interest income	<u>4,446</u>

Net Cash Provided (Used) by Investing Activities \$ -21,258

Capital and Related Financing Activities

Additions (deletions) to fixed assets	<u>\$ -4,544</u>
---------------------------------------	------------------

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -4,544

Net Change in Cash \$ -1,381

Cash Balance at December 31, 2006 317,502

Cash Balance at December 31, 2007 \$ 316,121

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

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

Net operating income (loss)	\$ 25,478
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	2,093
Adjustments to net assets	2,031
 (Increase) decrease in accounts receivable	 -854
(Increase) decrease in deferred charges	-3,641
 Increase (decrease) in accounts payable	 -943
Increase (decrease) in other liabilities	<u>257</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ 24,421</u></u>

**LOGANSFORT HOUSING AUTHORITY
LOGANSFORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Logansport Housing Authority was established by the City of Logansport 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 Logansport and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the mayor, 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 Logansport 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.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(c) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- * Housing Choice Vouchers

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

(f) Inventories and Materials -

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

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2007
(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 two hundred fifty dollars (\$250) 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.

(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 (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

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

(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.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

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

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

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

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

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Note 2 - Cash and Investments (Continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Voucher	\$ <u>316,122</u>	\$ <u>316,174</u>

Similar to cash deposits, investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

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

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Voucher	\$ <u>25,704</u>	\$ <u>25,704</u>

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

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

Note 3 - Compensated Absences

Vacation Leave

All regular full-time employees shall receive a vacation according to the following schedule:

1 year	1 week
2-5 years	2 weeks
6 years	2 weeks and 1 day
7 years	2 weeks and 2 days
8 years	2 weeks and 3 days
9 years	2 weeks and 4 days
10 years	3 weeks

Sick Leave

All regular full-time employees shall be allowed ten (10) working days each year to be accumulated at the rate of 3.08 hours every two weeks. Total accumulation of time for sick leave cannot exceed 240 hours.

No cash payments to employees shall be made in lieu of unused vacation or sick leave, except when an employee is permanently separated from employment cash payment of unused vacation leave, but not unused sick leave, may be made.

Note 4 - Defined Contribution Plan

The PHA participates in a deferred compensation plan. The participants are required to contribute 7.65% of annual covered payroll. For the fiscal year ended December 31, 2007, actual contributions by plan participants were \$4,317.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Fraud recovery	\$ 43,887
Allowance for doubtful accounts - fraud	<u>-43,033</u>
Total	<u>\$ 854</u>

Note 6 - Investments

At December 31, 2007 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Savings	.50%	<u>\$ 25,704</u>	<u>\$ 25,704</u>

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

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

Note 7 - Deferred Charges

This classification includes the following:

Prepaid insurance	\$ 2,373
Other	<u>3,133</u>
Total	<u>\$ 5,506</u>

Note 8 - Fixed Assets

Balance as of December 31, 2007	\$ 9,260
Balance as of December 31, 2006	<u>6,809</u>
Net Increase (Decrease)	<u>\$ 2,451</u>

Reconciliation

Replacement of nonexpendable equipment	\$ 4,544
Current year depreciation expense	<u>-2,093</u>
Net Increase (Decrease)	<u>\$ 2,451</u>

<u>Analysis</u>	<u>01/01/2007 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2007 Balance</u>
Equipment and furniture	\$ 15,675	\$ 4,544	\$ 0	\$ 20,219
Total	\$ 15,675	\$ 4,544	\$ 0	\$ 20,219
Accumulated depreciation	<u>-8,866</u>	<u>-2,093</u>	<u>0</u>	<u>-10,959</u>
Net Assets	<u>\$ 6,809</u>	<u>\$ 2,451</u>	<u>\$ 0</u>	<u>\$ 9,260</u>

Note 9 - Accounts Payable

This classification includes the following accounts:

Payroll taxes payable	<u>\$ 1,332</u>
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**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Note 10 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	\$ <u>25,704</u>
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Note 11 - Administrative Fee

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

Note 12 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 13 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Adjustment of fraud recovery	\$ <u>2,031</u>
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Note 14 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

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

Note 15 - Economic Dependency

The Housing Authority received most of its revenue (98.7%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Housing Choice Voucher Program*	14.871	IN092	FYE 12/31/07	\$ <u>1,041,260</u>	\$ <u>1,041,260</u>	\$ <u>1,041,260</u>
Total Housing Assistance				\$ <u>1,041,260</u>	\$ <u>1,041,260</u>	\$ <u>1,041,260</u>

*Denotes major program.

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

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

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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

Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

I have audited the financial statements of Logansport Housing Authority as of and for the year ended December 31, 2007, which collectively comprise the Logansport Housing Authority's basic financial statements and have issued my report thereon dated July 11, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

I noted certain matters that we reported to management of Logansport Housing Authority, in a separate letter dated July 11, 2008.

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

Decatur, Illinois
July 11, 2008

Certified Public Accountant

PAMELA J. SIMPSON, C.P.A.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

Compliance

I have audited the compliance of Logansport Housing Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Logansport 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 Logansport Housing Authority's management. My responsibility is to express an opinion on Logansport 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 Logansport 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 of Logansport Housing Authority's compliance with those requirements.

In my opinion, Logansport Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of my auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

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

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

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

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Logansport Housing Authority in a separate letter dated July 11, 2008.

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

Decatur, Illinois
July 11, 2008

Certified Public Accountant

**LOGANSPOORT HOUSING AUTHORITY
LOGANSPOORT, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2006 contained one finding.

Finding 1: Resident Files - Files were missing current leases.

During my audit, twenty-five (25) files were examined and all of them contained current leases or lease addendums. The finding is considered closed.

**LOGANSPOORT HOUSING AUTHORITY
LOGANSPOORT, INDIANA**

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

Section I - Summary of Auditor Results

Low Risk Auditee _____ yes no

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes no

* Significant deficiency (ies) 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

* Significant deficiency (ies) 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 Voucher Program 14.871

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
CURRENT FINDINGS AND RECOMMENDATIONS**

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with Sharon Roach, Executive Director, during the course of the audit or at an exit conference held July 11, 2008.

Section III - Federal Award Findings

There were no federal award audit findings discussed with Sharon Roach, Executive Director, during the course of the audit or at an exit conference held July 11, 2008.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

<u>Posting Voucher</u>	<u>Account Number</u>	<u>Audit</u>		<u>Account Number</u>
		<u>Debit</u>	<u>Credit</u>	
(1)				
HAP (refunds 07/23/07)	4715	\$ 392.50		4715
Collection fees/losses	----	1,058.67		----
Prior year adjustment	6010	7,943.42		6010
Fraud recovery receivable	1121		\$ 8,035.39	1121
Allowance for doubtful accounts	1121.01		1,237.86	1121.01
Fraud recovery - PHA	3450		60.67	3450
Fraud recovery - HUD	3450.10		60.67	3450.10
(To adjust receivable per analysis of current accounts and accounts held for collection subsidiary records)				
(2)				
Land, structures & equipment	1490.09	\$ 99.99		1490.09
Depreciation expense	4800	13.33		4800
Accumulated depreciation	1490.15		\$ 13.33	1490.15
Office supplies	4190.016		99.99	4190.016
(To correct the cost of the Compaq Notebook purchased during the year)				

PHA: IN092 FYED: 12/31/2007

Line Item No.	Account Description	Housing Choice Vouchers	Total
111	Cash - Unrestricted	\$147,169	\$147,169
113	Cash - Other Restricted	\$168,952	\$168,952
100	Total Cash	\$316,121	\$316,121
128	Fraud Recovery	\$43,887	\$43,887
128.1	Allowance for Doubtful Accounts - Fraud	\$-43,033	\$-43,033
120	Total Receivables, net of allowances for doubtful accounts	\$854	\$854
131	Investments - Unrestricted	\$25,704	\$25,704
142	Prepaid Expenses and Other Assets	\$5,506	\$5,506
150	Total Current Assets	\$348,185	\$348,185
164	Furniture, Equipment & Machinery - Administration	\$20,219	\$20,219
166	Accumulated Depreciation	\$-10,959	\$-10,959
160	Total Fixed Assets, Net of Accumulated Depreciation	\$9,260	\$9,260
180	Total Non-Current Assets	\$9,260	\$9,260
190	Total Assets	\$357,445	\$357,445

PHA: IN092 FYED: 12/31/2007

Line Item No.	Account Description	Housing Choice Vouchers	Total
321	Accrued Wage/Payroll Taxes Payable	\$1,332	\$1,332
310	Total Current Liabilities	\$1,332	\$1,332
353	Noncurrent Liabilities - Other	\$25,704	\$25,704
350	Total Noncurrent Liabilities	\$25,704	\$25,704
300	Total Liabilities	\$27,036	\$27,036
508	Total Contributed Capital	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$9,260	\$9,260
511	Total Reserved Fund Balance	\$0	\$0
511.1	Restricted Net Assets	\$168,952	\$168,952
512.1	Unrestricted Net Assets	\$152,197	\$152,197
513	Total Equity/Net Assets	\$330,409	\$330,409
600	Total Liabilities and Equity/Net Assets	\$357,445	\$357,445

PHA: IN092 FYED: 12/31/2007

Line Item No.	Account Description	Housing Choice Vouchers	Total
705	Total Tenant Revenue	\$0	\$0
706	HUD PHA Operating Grants	\$1,041,260	\$1,041,260
711	Investment Income - Unrestricted	\$4,446	\$4,446
714	Fraud Recovery	\$2,130	\$2,130
715	Other Revenue	\$6,796	\$6,796
700	Total Revenue	\$1,054,632	\$1,054,632

PHA: IN092 FYED: 12/31/2007

Line Item No.	Account Description	Housing Choice Vouchers	Total
911	Administrative Salaries	\$81,602	\$81,602
912	Auditing Fees	\$4,642	\$4,642
915	Employee Benefit Contributions - Administrative	\$1,773	\$1,773
916	Other Operating - Administrative	\$41,871	\$41,871
921	Tenant Services - Salaries	\$28,833	\$28,833
961	Insurance Premiums	\$3,843	\$3,843
966	Bad Debt - Other	\$1,059	\$1,059
969	Total Operating Expenses	\$163,623	\$163,623
970	Excess Operating Revenue over Operating Expenses	\$891,009	\$891,009
973	Housing Assistance Payments	\$858,992	\$858,992
974	Depreciation Expense	\$2,093	\$2,093
900	Total Expenses	\$1,024,708	\$1,024,708
1010	Total Other Financing Sources (Uses)	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$29,924	\$29,924

PHA: IN092 FYED: 12/31/2007

Line Item No.	Account Description	Housing Choice Vouchers	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0
1103	Beginning Equity	\$298,454	\$298,454
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,031	\$2,031
1120	Unit Months Available	3,396	3,396
1121	Number of Unit Months Leased	3,037	3,037
1117	Administrative Fee Equity	\$161,457	\$161,457
1118	Housing Assistance Payments Equity	\$168,952	\$168,952

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Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

In planning and performing my audit of the financial statements of Logansport Housing Authority as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logansport Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Logansport Housing Authority's internal control.

The administration of the Housing Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies and strengthen internal controls:

1. HUD regulations require the Housing Authority to obtain a fully executed form HUD 51999. During my review of current depositories, I noted that the housing authority did not have a current executed form from at least one financial institution holding agency funds. I recommend that the Authority execute new depository agreement with all new financial institutions and for any that have undergone ownership or name changes.
2. The Housing Authority's system of internal controls should be formally documented in a written internal control manual (handbook). Discussions with Housing Authority management indicate that the Housing Authority has a system of internal control in place, but without the policies being in writing and formally adopted, adherence to the procedures cannot always be verified.

In addition to the current informal policies being used, other policies you may want to consider would address: (a) approval of journal entries, HAP registers and accounts payable registers (hard copies should be initialed) (b) documentation of approval of payroll (time records and payroll registers should be initialed) (c) credit card use (full explanation of the purpose of travel, meals and meetings attached to supporting invoices) (d) personal use of agency assets (such as automobile, cell phone, etc) and (e) travel reimbursements (covering reimbursement rates, method of requesting travel advances or reimbursements). The written policies should also cover the extent of use of outside consultants (fee accountants) are used to provide internal controls.

A written manual will aid in the training of new staff, assure management of consistency in policy application as well as accurate financial reporting.

3. Current written policies/procedures should be reviewed to determine that they are not in conflict with policy actually being followed or outdated due to other operation changes. A policy currently in place indicates that purchases greater than \$250 requires the use of a purchase order. In several instances it was noted that this policy was not being followed. Current policies and procedures should be updated.

This communication is intended solely for the information and used of management, the Board of Commissioners, and others within the housing authority, and is not intended to be and should not be used by anyone other than these specified parties. Please feel free to contact me if you have any questions.

Decatur, Illinois
July 11, 2008

Certified Public Accountant