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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, 2012 to December 31, 2012. 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, 2012 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to finding 2012-001, found on page 28.

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, 2012

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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Independent Auditor's Report

Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

I have audited the accompanying financial statements of the Logansport Housing Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Logansport Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Logansport Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Logansport Housing Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Logansport Housing Authority, as of December 31, 2012 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

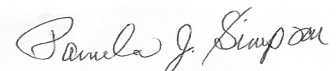
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Logansport Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and None-Profit Organizations*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 30 to 34 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated July 9, 2013 on my consideration of the Logansport Housing Authority's internal control over financial reporting and on my 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 my 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. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.

Decatur, Illinois
July 9, 2013



Certified Public Accountant

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

For the Logansport Housing Authority the past year has been one of great transition. Our Section 8 Specialist and Inspector were new in 2012 and our Executive Director began work in February of 2013. With this new staff comes realization of past and current challenges matched with enthusiasm for future possibilities.

In evaluating past practices, the housing authority has on its own and with the aid of auditors and HUD oversight identified the following:

- The need to correct practices relative to employee deferred compensation payments
- The need for quality controls in program management
- The need to close gaps relative to enforcement of housing quality issues
- The need to grow programs, revenues and possibly service area to meet the future needs of the community

The first item above was identified in last year's audit. Due to what had been labeled by the Board of Commissioners as an oversight LHA failed for multiple years to make required contributions to employee retirement funds and as a result had significant outstanding obligations to personnel. The Board hired the accounting firm Chambers & Co, LLC to analyze the situations and recommend a solution. Tony Key, an accountant with Chambers & Co, provided the Board with a recommendation and to the best of their knowledge LHA has now met its past obligations. The Board now checks monthly to see LHA obligations to employee deferred compensation funds are made in a timely matter.

Last year's audit identified issues with program management, including deficiencies in client files. In July of 2012 LHA hired a new Section 8 Specialist with an extensive background in rental community management including experience with Section 8 Housing Programs. Since last July extensive work has been done to reorganize client files and fill gaps in documentation when they are identified. The LHA Administrative Plan is in the process of being revised, and as part of this revision quarterly SEMAP style evaluations are planned.

Within our community LHA has identified properties in disrepair that pass HQS inspections but are not entirely free of hazards and concern. Following Indiana Code LHA is working with the City of Logansport Building Commissioner and Cass County Health Department to identify and correct issues that we have an awareness of but lack authority to resolve ourselves. Already this year we have seen action on multiple properties that were made safer as a result of this initiative.

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

As we look toward the future we see an increasing demand for assistance and revenue. Included in the demand for assistance are requests from clients to reside in areas outside the Logansport City Limits and beyond the 5 mile radius of our authority limits. We have contacted our City Mayor and the HUD Field Office to explore the possibility of becoming a county level housing authority. In addition to meeting the needs of our community this move introduces opportunities for additional revenue in serving clients currently assisted by the state housing authority. Our new director has experience in federal grant programs and we are further exploring funding options not previously tapped.

With our enthusiasm for future possibilities comes awareness of future challenges. There is fog to the East preventing us from seeing the path future Congressional Action might take us. Our hope is for resolution of sequestration effects and restoration of grant programs that are currently frozen. Our awareness tells us these things might not happen and it may be necessary to cut programs, which we hope is not the case. We continue to monitor the situation and contact our HUD Field Office regularly for any updates they may have.

While times are uncertain, our dedication to the service of our clients is not. We acknowledge the challenges ahead and have full confidence in our staff and Commissioners to keep our clients first in all they do. Much of the coming year will be reactionary responding to legislative action as it happens. Behind the scenes we will continue to work diligently to develop contingency plans we hope are never needed and foster dreams of better days to come.

FINANCIAL HIGHLIGHTS:

- The assets of the Authority exceed its liabilities as of December 31, 2012 by \$188,542 (Net Assets).
- The Authority's restricted position as of December 31, 2012 was \$111,036, unrestricted position at December 31, 2012 was \$64,507.
- The Authority's total revenue for the calendar year end December 31, 2012 was \$997,379.
- The Authority's total expenses for the calendar year end December 31, 2012 was \$1,191,141. Therefore, the Authority's total expenses exceeded its total revenue by \$193,762.

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2013 that will significantly affect the Authority's Net Assets either positively or negatively.

Analysis of Entity Wide Net Assets

Total Assets for FYE 2012 was \$323,324 and at FYE 2011 the amount was \$440,589. This represents a net decrease of \$117,265. **Cash and Equivalents** decreased by \$121,550. Cash decreased overall because of the increase in expenses and decrease in revenues. **Other Current Assets** decreased by \$938. **Capital Assets** increased by \$5,223. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets. **Current Liabilities** increased by \$32,264. **Noncurrent Liabilities** increased by \$19,885. The reason for the increase was an increase of FSS participants investment accounts.

	<u>2012</u>	<u>2011</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash and Equivalents	301,497	423,047	(121,550)	-29%
Other Current Assets	8,828	9,766	(938)	-10%
Capital Assets (net)	12,999	7,776	5,223	67%
Total Assets	<u>323,324</u>	<u>440,589</u>	<u>(117,265)</u>	<u>-27%</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL	<u>323,324</u>	<u>440,589</u>	<u>(117,265)</u>	<u>-27%</u>
Current Liabilities	38,414	6,150	32,264	525%
Noncurrent Liabilities	96,368	76,483	19,885	26%
Total Liabilities	<u>134,782</u>	<u>82,633</u>	<u>52,149</u>	<u>63%</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Net Position				
Net Investment in Capital Assets	12,999	7,776	5,223	67%
Restricted	111,036	246,657	(135,621)	-55%
Unrestricted	64,507	103,523	(39,016)	-38%
Total Net Position	<u>188,542</u>	<u>357,956</u>	<u>(169,414)</u>	<u>-47%</u>
TOTAL	<u>323,324</u>	<u>440,589</u>	<u>(117,265)</u>	<u>-27%</u>

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2012 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Housing Choice Vouchers	\$997,379

Total revenues for Fiscal Year Ending December 31, 2012 were \$997,379 as compared to the total revenues for Fiscal Year Ending December 31, 2011 of \$1,111,488. Comparatively, Fiscal Year Ending 2011 revenues exceeded Fiscal Year Ending 2012 revenues by \$114,109.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage Change</u>
HUD Operating Grants	986,699	1,087,759	(101,060)	-9%
Investment Income	223	1,364	(1,141)	-84%
Fraud Recovery	6,780	17,541	(10,761)	100%
Other Revenue	3,677	4,824	(1,147)	-24%
Total Revenue	<u>997,379</u>	<u>1,111,488</u>	<u>(114,109)</u>	<u>-10%</u>

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2012 were \$1,191,141 as compared to \$1,243,818 of total expenditures for Fiscal Year Ending December 31, 2011. Comparatively, Fiscal Year Ending 2011 expenditures exceeded Fiscal Year Ending 2012 expenditures by \$52,677. Changes by major expense category will be presented below.

Administrative expenditures increased by \$61,460. **General Expense** decreased by \$24,375. **Extraordinary Maintenance** expenditures decreased by \$139. **Housing Assistance Payments** decreased by \$89,908 or 8%.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage Change</u>
Administration	198,981	137,521	61,460	45%
Maintenance	405	552	(147)	-27%
General Expense	10,093	34,468	(24,375)	-71%
Extraordinary Maintenance	0	139	(139)	-100%
Housing Assistance Payments	976,745	1,066,653	(89,908)	-8%
HAP Portability-In	2,792	2,431	361	15%
Depreciation Expense	2,125	2,054	71	4%
Total Expenses	<u>1,191,141</u>	<u>1,243,818</u>	<u>(52,677)</u>	<u>-4%</u>

Analysis of Capital Asset Activity

Furniture, Equipment & Machinery – Administration increased \$7,348 due to additions, computers and software.

Accumulated Depreciation increased by \$2,125. This is the amount of current year depreciation expense.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage Change</u>
Furniture, Equipment, & Machinery - Administrative	33,711	26,363	7,348	28%
Total Fixed Assets	<u>33,711</u>	<u>26,363</u>	<u>7,348</u>	<u>28%</u>
Accumulated Depreciation	20,712	16,533	4,179	25%
Net Fixed Assets	<u><u>12,999</u></u>	<u><u>9,830</u></u>	<u><u>3,169</u></u>	<u><u>32%</u></u>

Outstanding Debt

The Housing Authority had no outstanding debt in fiscal year 2011 or 2012.

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2012**

ASSETS

Cash and equivalents	\$ 301,497
Receivables (net)	2,593
Prepaid expenses	<u>6,235</u>

Capital Assets:

Other capital assets, net of depreciation	\$ <u>12,999</u>
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Total Capital Assets	<u>\$ 12,999</u>
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Total Assets	<u>\$ 323,324</u>
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<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 0</u>
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TOTAL	<u><u>\$ 323,324</u></u>
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LIABILITIES

Accounts payable	\$ 2,495
Other liabilities	35,919

Noncurrent liabilities:

Trust and deposit liabilities	<u>96,368</u>
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Total Liabilities	<u>\$ 134,782</u>
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<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 0</u>
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NET POSITION

Net Investment in capital assets	\$ 12,999
Restricted	111,036
Unrestricted	<u>64,507</u>

Total Net Position	<u><u>\$ 188,542</u></u>
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TOTAL	<u><u>\$ 323,324</u></u>
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**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Operating Income

HUD grants - operating	\$ 986,699
Fraud recovery	6,780
Other revenue	<u>3,677</u>
Total Operating Income	<u>\$ 997,156</u>

Operating Expenses

Administration	\$ 198,981
Ordinary maintenance and operation	405
General expense	10,093
Housing assistance payments	979,537
Depreciation	<u>2,125</u>
Total Operating Expenses	<u>\$ 1,191,141</u>
Net Operating Income (Loss)	<u>\$ -193,985</u>

Nonoperating Income (Expense)

Interest income	<u>\$ 223</u>
Total Nonoperating Income (Expense)	<u>\$ 223</u>
Changes in net position	\$ -193,762
Net position, beginning of year	357,956
Prior period adjustments	<u>24,348</u>
Net position, end of year	<u><u>\$ 188,542</u></u>

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Operating Activities

Operating grants	\$ 990,294
Other revenue	7,864
Housing assistance payments	-979,537
Payments to employees	-101,154
Payments to suppliers and contractors	<u>-31,892</u>

Net Cash Provided (Used) by Operating Activities \$ -114,425

Investing Activities

Interest income	<u>\$ 223</u>
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Net Cash Provided (Used) by Investing Activities \$ 223

Capital and Related Financing Activities

Additions (deletions) to fixed assets	<u>\$ -7,348</u>
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Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -7,348

Net Change in Cash \$ -121,550

Cash Balance at December 31, 2011 423,047

Cash Balance at December 31, 2012 \$ 301,497

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

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

Net operating income (loss)	\$ -193,985
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	2,125
Adjustment to net position	24,348
(Increase) decrease in accounts receivable	1,002
(Increase) decrease in prepaid expenses	-64
Increase (decrease) in accounts payable	1,212
Increase (decrease) in other liabilities	31,052
Increase (decrease) in trust and deposit liabilities	<u>19,885</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -114,425</u>

**LOGANSFORT HOUSING AUTHORITY
LOGANSFORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

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.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

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, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) 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 position is segregated into Net Investment in Capital Assets, Restricted and Unrestricted.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, although not a formal policy, 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.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(f) 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.

(g) Net Position -

GASB Statement 63 requires the classification of net position into three components as defined below:

- 1) Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction or improvement of those assets.
- 2) Restricted - restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) Unrestricted - amounts not required to be reported in the other components of net position.

(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 may result in disallowance in subsequent periods.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (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.

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 \$250,000 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 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, 2012
(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>\$ 301,497</u>	<u>\$ 302,629</u>

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.

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Housing Authority makes contributions to a 457 deferred compensation plan with Hoosier S.T.A.R.T. (an approved state plan) instead of social security. The Logansport Housing Authority is to contribute 7.5% of employee earnings. The authority was behind in making contributions to the plan. In 2012, \$1,479 was contributed and subsequently, in January and February 2013 the balance of the required contribution for 2012 was paid. LHA made total contributions of \$29,949 for 2012.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Fraud recovery	\$ <u>2,593</u>
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Note 6 - Prepaid Expenses

This classification includes the following:

Prepaid insurance	\$ 1,630
Other	<u>4,605</u>

Total	\$ <u>6,235</u>
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Note 7 - Capital Assets

Balance as of December 31, 2012	\$ 12,999
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Balance as of December 31, 2011	<u>7,776</u>
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Net Increase (Decrease)	\$ <u>5,223</u>
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Reconciliation

Additions	\$ 7,348
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Current year depreciation expense	<u>-2,125</u>
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Net Increase (Decrease)	\$ <u>5,223</u> *
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**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

Note 7 - Capital Assets (Continued)

<u>Analysis</u>	01/01/2012 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	12/31/2012 <u>Balance</u>
Equipment and furniture	\$ 26,363	\$ 7,348	\$ 0	\$ 33,711
Total	\$ 26,363	\$ 7,348	\$ 0	\$ 33,711
Accumulated depreciation	<u>-18,587</u>	<u>-2,125</u> *	<u>0</u>	<u>-20,712</u>
Net Position	<u>\$ 7,776</u>	<u>\$ 5,223</u>	<u>\$ 0</u>	<u>\$ 12,999</u>

*Current year depreciation expense recognized.

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 1,956
Accounts payable - HUD interest	<u>539</u>
Total	<u>\$ 2,495</u>

Note 9 - Other Liabilities

Other liabilities consists of the following:

Current Portion:

Wages/payroll taxes payable	\$ 6,421
Other liabilities - pension	<u>29,498</u>
Total	<u>\$ 35,919</u>

Note 10 - Trust and Deposit Liabilities

This classification consists of the following:

FSS escrow accounts	<u>\$ 96,368</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.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2012
(CONTINUED)**

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 net position are detailed below:

Required employee benefit plan retirement payment, not previously recorded/remitted	<u>\$ 24,348</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 (99%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 16 - Restricted Net Position

Restricted net position is restricted for the following:

HAP - restricted	<u>\$ 111,036</u>
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SUPPLEMENTAL DATA

**LOGANSPOrt HOUSING AUTHORITY
LOGANSPOrt, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012**

<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 12/31/12	\$ 986,699	\$ 986,699	\$ 986,699
Total Housing Assistance				<u>\$ 986,699</u>	<u>\$ 986,699</u>	<u>\$ 986,699</u>

*Denotes major program.



**Independent Auditor's 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 in accordance with the 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, the financial statements of the Logansport Housing Authority, which comprise the statement of net position as of December 31, 2012, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Logansport Housing Authority's basic financial statements and have issued my report thereon dated July 9, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Logansport Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of the Logansport Housing Authority's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Logansport Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, *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. However, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies in internal control over financial reporting. I consider the following deficiencies to be significant deficiencies:

Section 8 participant files lacked proper documentation and contained calculation errors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Logansport Housing Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

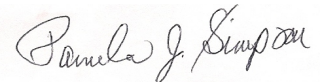
I noted certain matters that I reported to the management of the Logansport Housing Authority in a separate letter dated July 9, 2013.

The Logansport Housing Authority's responses to the findings identified in my audit are described in the accompanying schedule findings and questioned costs. I did not audit the Logansport Housing Authority's responses and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Logansport Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Logansport Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decatur, Illinois
July 9, 2013



Certified Public Accountant



**Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Federal Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners
Logansport Housing Authority
Logansport, Indiana

Report on Compliance for Each Major Program

I have audited the Logansport Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133*, that could have a direct and material effect on each of the Logansport Housing Authority's major federal programs for the year ended December 31, 2012. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Logansport Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above.

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 (OMB Circular A-133)*. Those standards and *OMB Circular A-133* require that my plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the 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 for each major program. However, my audit does not provide a legal determination of the Logansport Housing Authority's compliance.

Opinion on Each Major Program

In my opinion, the Logansport Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended December 31, 2012.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which 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 item 2012-001. My opinion is not modified with response to this matter.

The Logansport Housing Authority's responses to the noncompliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The Logansport Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Logansport Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Logansport Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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.

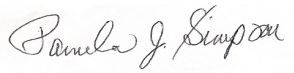
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, *significant deficiencies* or *material weaknesses* in internal control over compliance. I did not identify any deficiencies in internal control over compliance that I consider to be significant deficiencies, as described in the accompanying schedule of findings and questioned costs as finding 2012-001.

The Logansport Housing Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the the Logansport Housing Authority's responses and, accordingly, I express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of my testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Decatur, Illinois
July 9, 2013


Certified Public Accountant

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2011 contained one federal award finding.

Finding 2011-1 Improper Tax Withholding

The Housing Authority, as an employer, is required to withhold social security and medicare taxes on all employees that do not participate in a qualified state or local government public retirement system (FICA replacement plan). The Housing Authority did not withhold all of the required taxes from employees or pay employer contributions to a qualified plan in 2011.

The Housing Authority consulted a local accountant regarding the situation. The Housing Authority withheld the proper taxes in 2012 and remitted contributions to a qualified state retirement plan. This finding is considered closed.

Finding 2011-2: Incomplete Section 8 Participant Files

HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During a test of participant eligibility (40 files examined) incomplete documentation and incorrect calculations of HAP were noted.

While some problems previously noted were corrected during the current year, others still persist. This finding continues (see Finding 2012-001).

**LOGANSPOUR HOUSING AUTHORITY
LOGANSPOUR, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes X_____ no

* Significant deficiency (ies) identified? _____ yes X_____ none reported

Noncompliance material to financial statements noted? _____ yes X_____ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes X_____ no

* Significant deficiency (ies) identified? X_____ yes _____ 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 OMB Circular A-133? X_____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program

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

Auditee qualified as low-risk auditee? _____ yes X_____ no

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

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

Section II - Financial Statement Audit Findings

There were no financial statement audit findings discussed with Rocky Buffum, Executive Director, during the course of the audit or at an exit conference held July 9, 2013.

Section III - Federal Award Audit Findings

There was one federal award audit finding discussed with Rocky Buffum, Executive Director, during the course of the audit and at an exit conference held July 9, 2013.

Finding 2012-001: Incomplete Section 8 Participant Files

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation to support a participant's eligibility and the accurate calculation of Housing Assistance Payments (HAP). During my current year test of participant eligibility (40 files examined) I noted incomplete documentation and incorrect calculations of HAP as follows: (a) anticipated medical expenses (such as spend down allowances) were not properly verified or calculated (b) lack of documentation from participant (c) 214 declaration not properly completed (d) no verification for self declaration of loss of revenue (e) third party verification for start of new employment (f) some inspections not marked pass/fail, one failed but no indication of when it passed.

Effect: It cannot be determined if the Section 8 participants were eligible and their HAP assistance was calculated in accordance with HUD regulations.

Cause: The applications used by the agency were not detailed enough to provide adequate information when processing applications, certifications and recertifications. Proper quality control procedures had not been implemented to assure that only eligible participants were provided Housing Assistance. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate assistance payment calculations for each eligible participant.

Auditor's Recommendation: The application filled out by all participants should be reviewed and expanded to provide all information needed to process the application and certification. I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility and exemptions. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the Housing Authority's Section 8 Administrative Plan and that they are trained in the proper procedures for consistently applying those policies and HUD regulations.

Grantee Response: The application had been updated, but the new form had not yet been used all year. It will be reviewed again for adequacy and to determine it provides complete information. It is expected that with the use of the new application and the new intake staff, these problems will not be noted in 2013. Additionally, there was a change in intake staff mid year. The Admin Plan will be reviewed and updated by the Executive Director and current intake staff. Additional quality assurance reviews will be conducted by the Executive Director to determine that the policies are being adhered to in the future.

**LOGANSPORT HOUSING AUTHORITY
LOGANSPORT, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2012**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Employee benefit contribution	4182	\$ 25,372.94		2810
Other accrued liabilities	2136		\$ 1,024.98	2136
Unrestricted	2810.002		24,347.96	2810.002
(To correct liability for contributions due to deferred compensation plan)				
(2)				
Interest income	3430	\$ 538.70		2810.002
Accounts payable - HUD	2118		\$ 538.70	2118
(To record interest payable per HUD guidelines)				

Housing Authority of the City of Logansport (IN092)

Logansport, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$93,462	\$93,462	\$93,462
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$208,035	\$208,035	\$208,035
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$301,497	\$301,497	\$301,497
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$2,593	\$2,593	\$2,593
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,593	\$2,593	\$2,593
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$6,235	\$6,235	\$6,235
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$310,325	\$310,325	\$310,325
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$33,711	\$33,711	\$33,711
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$20,712	-\$20,712	-\$20,712
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,999	\$12,999	\$12,999
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$12,999	\$12,999	\$12,999
190 Total Assets	\$323,324	\$323,324	\$323,324

Housing Authority of the City of Logansport (IN092)

Logansport, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$1,956	\$1,956	\$1,956
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$6,421	\$6,421	\$6,421
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs	\$539	\$539	\$539
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits			
342 Deferred Revenues			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$29,498	\$29,498	\$29,498
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$38,414	\$38,414	\$38,414
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$96,368	\$96,368	\$96,368
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$96,368	\$96,368	\$96,368
300 Total Liabilities	\$134,782	\$134,782	\$134,782
508.1 Invested In Capital Assets, Net of Related Debt	\$12,999	\$12,999	\$12,999
511.1 Restricted Net Assets	\$111,036	\$111,036	\$111,036
512.1 Unrestricted Net Assets	\$64,507	\$64,507	\$64,507
513 Total Equity/Net Assets	\$188,542	\$188,542	\$188,542
600 Total Liabilities and Equity/Net Assets	\$323,324	\$323,324	\$323,324

Housing Authority of the City of Logansport (IN092)
Logansport, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$986,699	\$986,699	\$986,699
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$223	\$223	\$223
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$6,780	\$6,780	\$6,780
71500 Other Revenue	\$3,677	\$3,677	\$3,677
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$997,379	\$997,379	\$997,379
91100 Administrative Salaries	\$96,074	\$96,074	\$96,074
91200 Auditing Fees	\$2,940	\$2,940	\$2,940
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$1,197	\$1,197	\$1,197
91500 Employee Benefit contributions - Administrative	\$56,686	\$56,686	\$56,686
91600 Office Expenses	\$35,812	\$35,812	\$35,812
91700 Legal Expense			
91800 Travel	\$549	\$549	\$549
91810 Allocated Overhead			
91900 Other	\$5,723	\$5,723	\$5,723
91000 Total Operating - Administrative	\$198,981	\$198,981	\$198,981
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0

Housing Authority of the City of Logansport (IN092)
Logansport, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts	\$405	\$405	\$405
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$405	\$405	\$405
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$629	\$629	\$629
96120 Liability Insurance			
96130 Workmen's Compensation	\$1,982	\$1,982	\$1,982
96140 All Other Insurance	\$1,001	\$1,001	\$1,001
96100 Total insurance Premiums	\$3,612	\$3,612	\$3,612
96200 Other General Expenses	\$1,322	\$1,322	\$1,322
96210 Compensated Absences	\$5,080	\$5,080	\$5,080
96300 Payments in Lieu of Taxes	\$79	\$79	\$79
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$6,481	\$6,481	\$6,481
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$209,479	\$209,479	\$209,479
97000 Excess of Operating Revenue over Operating Expenses	\$787,900	\$787,900	\$787,900

Housing Authority of the City of Logansport (IN092)
Logansport, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$976,745	\$976,745	\$976,745
97350 HAP Portability-In	\$2,792	\$2,792	\$2,792
97400 Depreciation Expense	\$2,125	\$2,125	\$2,125
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,191,141	\$1,191,141	\$1,191,141
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$193,762	-\$193,762	-\$193,762
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$357,956	\$357,956	\$357,956
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$24,348	\$24,348	\$24,348
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$77,506	\$77,506	\$77,506
11180 Housing Assistance Payments Equity	\$111,036	\$111,036	\$111,036
11190 Unit Months Available	3189	3189	3189
11210 Number of Unit Months Leased	2973	2973	2973
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			

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, 2012, 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.

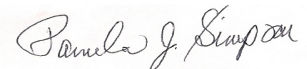
My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies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

1. While reviewing the employees absence liability and related expense, I noted that the employees were allowed to record their own time off trackers and turn them in at year end. I was unable to determine if employees were properly recording their earned and used time off properly. Sound internal controls would require someone other than the employees to track and approve time off records.
2. Per Indiana Housing Code, commissioner stipends per meeting is \$25, however, commissioners are being paid \$30 per meeting. While the code allows for other necessary expenses to be reimbursed, the commissioners do not submit any claim forms to substantiate the additional reimbursement. The commissioners should reimburse the PHA for the overpayment and begin paying stipends at the amount allowed by current state statute.
3. SEMAP has no support in filed to substantiate indicators 1b, 2b and 3. Indicator 8, payment standards supported, but PHA used incorrect FMR report.
4. PHA had items on depreciation schedule that were previously removed from the general ledger.

5. The PHA's VMS report printed on 06/11/2013 no longer matches reconciliation prepared by the fee accountant. It has a net difference of \$400, NRA - 1696 high from general ledger and Ura 1296 is low from general ledger.
6. Liability for deferred compensation was not remitted properly.
7. PHA had policy and procedures changes adopted/revised in January 2012:
 - (a) dated and completed requisition submitted with invoice but no requisition used (b) silent on number of signatures required, but currently requires two signatures - commissioner signatures = two but both stamped - stamp controlled by Executive Director. Executive Director has total control over cash disbursements - record invoices, approves and generates payments and posts to general ledger (c) cash receipt repayment agreements accepted by Executive Director and then posts to subsidy ledger and deposits the amount collected (d) travel - meals allowed but no maximum amount detailed. There is no control over these items.
8. New procedures resulted in no internal control/separation of duties:
 - (a) cash disbursements - Executive Director records invoices, codes account to be charged and enters into Quick Books and generates checks, signs all checks with stamp and prepares financial statements.
 - (b) cash receipts - for fraud Executive Director receives payments, issues receipts, posts to subsidy ledger, deposits cash, posts to general ledger and prepares financial statements.

HUD does not approve of Quick Books there are no internal control built into system.

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.



Certified Public Accountant

Decatur, Illinois
July 9, 2013