

**ST. JOSEPH HOUSING COMMISSION**

**REPORT ON FINANCIAL STATEMENTS**

(with supplemental information)

For the Year Ended March 31, 2009

**ST. JOSEPH HOUSING COMMISSION**

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**ANDERSON, TACKMAN & COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

*A Regional Firm with Offices in Michigan and Wisconsin*

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American Institute of Certified  
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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
St. Joseph Housing Commission  
St. Joseph, Michigan

We have audited the accompanying basic financial statements of the business-type activities of the St. Joseph Housing Commission, a component unit of the City of St. Joseph, Michigan, as of and for the year ended March 31, 2009 as listed in the Table of Contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the St. Joseph Housing Commission as of March 31, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2009 on our consideration of the St. Joseph Housing Commission's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 8 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Joseph Housing Commission's basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The Financial Data Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

November 5, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the St. Joseph Housing Commission's financial performance provides an overview of the financial activities for the year ended March 31, 2009. Please read it in conjunction with the Commission's financial statements, which begin on page 9.

### FINANCIAL HIGHLIGHTS

- Net assets for the entire Commission were \$1,441,234 at March 31, 2009 compared to \$1,400,350 at March 31, 2008.
- The Commission's revenues totaled \$659,222 for March 31, 2009 and \$686,965 for March 31, 2008, while operating expenses totaled \$618,338 for March 31, 2009 and \$568,777 for March 31, 2008.

### USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Activities, Statement of Revenues, Expenses and Change in Net Assets, and the Statement of Cash Flows (on pages 9 to 12) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

### REPORTING THE COMMISSION AS A WHOLE

Our analysis of the Commission as a whole begins on page 9. One of the most important questions asked about the Commission's finances is "Is the Commission, as a whole, better off or worse off as a result of the year's activities"? The Statement of Net Assets, Statement of Activities, and the Statement of Revenues, Expenses, and Change in Net Assets report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Commission's *net assets* and changes in them. You can think of the Commission's net assets – the difference between assets and liabilities – as one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the population of low income and elderly individuals.

In the Statement of Net Assets, Statement of Activities, Statement of Revenues, Expenses, and Change in Net Assets, and the Statement of Cash Flows, the Commission's activities are reported as business-type activities:

- Business-type activities – The Commission charges rent to tenants to help cover all or most of the costs of services it provides.

## REPORTING THE COMMISSION'S MOST SIGNIFICANT FUNDS

Our analysis of the Commission's major activities begins on page 9. The financial statements provide detailed information on all of the Commission's activities. The Commission uses proprietary funds to account for its activities. The method of accounting for proprietary funds is explained below.

- *Proprietary funds* – The Commission charges tenants rent for the housing services it provides and these services are reported in a proprietary fund. Proprietary funds are reported in the same way for its activities and are reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets.

## THE COMMISSION AS A WHOLE

The Commission's combined net assets at March 31, 2009 increased \$40,884 from March 31, 2008.

Table 1

### NET ASSETS

	Assets	
	March 31,	
	2009	2008
Current assets	\$ 725,259	\$ 658,714
Capital assets (net)	<u>797,187</u>	<u>820,417</u>
Total assets	<u>1,522,446</u>	<u>1,479,131</u>
	Liabilities	
Current liabilities	77,653	72,224
Noncurrent liabilities	<u>3,559</u>	<u>6,557</u>
Total liabilities	<u>81,212</u>	<u>78,781</u>
	Net Assets	
Invested in capital assets, net of related debt	797,187	820,417
Unrestricted	<u>644,047</u>	<u>579,933</u>
Net Assets	<u>\$ 1,441,234</u>	<u>\$ 1,400,350</u>

Net assets of the Commission stood at \$1,441,234 at March 31, 2009 compared to \$1,400,350 at March 31, 2008. Unrestricted net business assets were \$644,047 compared to \$579,933 at March 31, 2008. In general, the Commission's unrestricted net assets are used to fund operations of the Commission. The increase in current assets was primarily due to a \$72,671 increase in cash and investments and a \$17,370 decrease in prepaid expenses. The increase in current liabilities was primarily due to a \$3,415 decrease in accounts payable and a \$8,844 increase in accrued liabilities.

**Table 2****CHANGE IN NET ASSETS**

	Year Ended March 31,	
	2009	2008
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 361,748	\$ 331,317
Program grants and subsidies	256,026	298,588
General revenues:		
Other revenues	32,723	34,311
Unrestricted investment earnings	<u>8,725</u>	<u>22,749</u>
Total revenues	659,222	686,965
<b>Program Expenses:</b>		
Operating expenses	<u>618,338</u>	<u>568,777</u>
Change in net assets	40,884	118,188
<b>Net assets - beginning of period</b>	<u>1,400,350</u>	<u>1,282,162</u>
<b>Net assets - end of period</b>	<u>\$ 1,441,234</u>	<u>\$ 1,400,350</u>

**BUSINESS – TYPE ACTIVITIES**

Revenues for the Commission totaled \$659,222 compared to \$686,965 during March 31, 2008. The Commission's average unit months leased on a monthly basis had increased during the current year. In addition, HUD operating funds and capital funding grants had decreased during the current year. The Commission depends on HUD operating and capital grants to assist in covering its operating expenses. The change in operating expenses was primarily due to an increase of \$22,578 in maintenance expense, a \$3,952 increase in administrative expenses, a \$9,530 increase in utilities, and a \$11,412 increase in depreciation expense.

## CAPTIAL ASSETS

### Capital Assets

The Commission had \$3,447,100 invested in a variety of capital assets including land, equipment and buildings at March 31, 2009 compared to \$3,329,348 at March 31, 2008.

Table 3

### CAPITAL ASSETS Business - Type Activity

	March 31,	
	2009	2008
Land	\$ 19,800	\$ 19,800
Land improvements	95,360	95,360
Building and improvements	3,111,334	3,007,762
Equipment	144,834	121,844
Construction in progress	<u>75,772</u>	<u>84,582</u>
Total	3,447,100	3,329,348
Less accumulated depreciation	<u>(2,649,913)</u>	<u>(2,508,931)</u>
<b>NET CAPITAL ASSETS</b>	<b><u>\$ 797,187</u></b>	<b><u>\$ 820,417</u></b>

The Commission invested \$117,752 in capital assets during the year ended March 31, 2009.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Commission's appointed officials considered many factors when setting the budget for the fiscal year 2009/2010. The current availability of low income and elderly tenants has been a major contributing factor in establishing the budgeted amounts. In the upcoming year, we do not anticipate any significant change in the occupancy rate and availability of new tenants that will provide any substantial increase in revenues. There continues to be a variety of inflationary cost and expense issues out of the control of the Commission. All of these were taken into consideration during the 2009/2010 budget process.

### CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the readers with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Executive Director, Nancy Walker at 601 Port Street, St. Joseph, Michigan 49085, or call 269-983-2814.

**ST. JOSEPH HOUSING COMMISSION**

**STATEMENT OF NET ASSETS  
Proprietary Fund**

March 31, 2009

<b>CURRENT ASSETS:</b>	
Cash and equivalents	\$ 633,610
Accounts receivable	4,625
Investments	78,821
Inventory	7,500
Prepaid expenses	<u>703</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>725,259</u></b>
<b>NONCURRENT ASSETS:</b>	
Capital assets	3,447,100
Less accumulated depreciation	<u>(2,649,913)</u>
<b>NET CAPITAL ASSETS</b>	<b><u>797,187</u></b>
<b>TOTAL ASSETS</b>	<b><u>1,522,446</u></b>
<b>CURRENT LIABILITIES:</b>	
Accounts payable	13,295
Accrued liabilities	<u>64,358</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>77,653</b>
<b>NONCURRENT LIABILITIES</b>	<b><u>3,559</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>81,212</u></b>
<b>NET ASSETS:</b>	
Investment in capital assets, net of related debt	797,187
Unrestricted net assets	<u>644,047</u>
<b>NET ASSETS</b>	<b><u>\$ 1,441,234</u></b>

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





**ST. JOSEPH HOUSING COMMISSION**

**STATEMENT OF ACTIVITIES**

For the Year Ended March 31, 2009

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>FUNCTIONS/PROGRAMS</u></b>	<u>Expenses</u>			<u>Business-Type Activities</u>
Public Housing	\$ 618,338	\$ 361,748	\$ 92,249	\$ (564)
		\$ 163,777	\$	
<b>BUSINESS-TYPE ACTIVITIES:</b>				
General revenues:				
Unrestricted investment earnings				8,725
Other				32,723
Total general revenues				41,448
Changes in net assets				40,884
NET ASSETS, beginning of year				1,400,350
NET ASSETS, end of year				\$ 1,441,234

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

**ST. JOSEPH HOUSING COMMISSION**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE  
IN NET ASSETS  
Proprietary Fund**

For the Year Ended March 31, 2009

OPERATING REVENUES:	
Tenant revenue	\$ 361,748
Program grants-subsidies	163,777
Other income	<u>32,723</u>
 TOTAL OPERATING REVENUES	 <u>558,248</u>
OPERATING EXPENSES:	
Administration	110,924
Tenant services	47,776
Utilities	114,283
Maintenance	161,555
General	42,818
Depreciation	<u>140,982</u>
 TOTAL OPERATING EXPENSES	 <u>618,338</u>
 OPERATING (LOSS)	 <u>(60,090)</u>
NONOPERATING REVENUES AND (EXPENSES):	
Interest income	<u>8,725</u>
 (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS	 <u>(51,365)</u>
 Capital grant contributions	 <u>92,249</u>
 CHANGE IN NET ASSETS	 40,884
 NET ASSETS, BEGINNING OF YEAR	 <u>1,400,350</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,441,234</u>

ANDERSON, TACKMAN  
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CERTIFIED PUBLIC ACCOUNTANTS



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

**ST. JOSEPH HOUSING COMMISSION**

**STATEMENT OF CASH FLOWS  
Proprietary Fund**

For the Year Ended March 31, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 362,023
Cash received from grants and subsidies	163,777
Cash payments to suppliers for goods and services	(240,088)
Cash payments for wages and related benefits	(202,393)
Cash payments for payment in lieu of taxes	(22,574)
Other receipts	<u>32,723</u>
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<u>93,468</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grants	87,810
Acquisition of capital assets	<u>(117,752)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(29,942)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of investments	(1,237)
Investment income	<u>9,145</u>
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<u>7,908</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	71,434
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>562,176</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 633,610</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (60,090)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	140,982
Changes in assets and liabilities:	
Decrease (Increase) in accounts receivable	275
Decrease (Increase) in prepaid expenses	17,370
Decrease (Increase) in inventory	(7,500)
Increase (Decrease) in accounts payable	(3,415)
Increase (Decrease) in accrued liabilities	<u>5,846</u>
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<u>\$ 93,468</u>

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



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**THE REPORTING ENTITY**

The St. Joseph Housing Commission (Commission) was formed by the St. Joseph City Commission under Public Act 18 of 1933 of the State of Michigan. The Commission operates under a Board of Commissioners appointed by the City of St. Joseph, Michigan.

The Commission manages 107 units of low rent public housing units of which, for financial reporting purposes, includes all of the activities relevant to its operations.

**Component Unit**

In evaluating how to define the Commission for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement #14, *The Financial Reporting Entity* and as amended by GASB Statement #39.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be include in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it was determined that there are no component units of the St. Joseph Housing Commission, but the Commission is a component unit of the City of St. Joseph, Michigan.

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**BASIS OF PRESENTATION**

The Commission presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

**Government-Wide Financial Statements:**

The Statement of Net Assets, Statement of Activities, Statement of Revenues, Expenses and Change in Net Assets, and the Statement of Cash Flows display information about the Commission as a whole. They include all business-type activities of the Commission. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION (Continued)**

**Proprietary Fund**

Proprietary Funds are used to account for operations, (a) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus:**

The government-wide Statement of Net Assets, Statement of Activities, and the Statement of Revenues, Expenses and Change in Net Assets are presented using the economic resource measurement focus as defined below.

- a. The Commission utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported.

**Basis of Accounting:**

The Statement of Net Assets, Statement of Activities, Statement of Revenues, Expenses and Change in Net Assets, and Statement of Cash Flows are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

As allowed by GASB Statement No. 20, the Commission's business-type activity follows all GASB pronouncements and FASB Statements and Interpretations that were issued on or after November 30, 1989, except those that conflict with a GASB pronouncement.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES AND NET ASSETS**

- a. Cash and Equivalents – The Commission’s cash and cash equivalents, as reported in the Statement of Cash Flows and the Statement of Net Assets, are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less.
- b. Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- c. Due to and Due From Other Programs – Interprogram receivables and payables arise from interprogram transactions and are recorded by all funds affected in the period in which transactions are executed.
- d. Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Furniture and other equipment	5-10 years

The Commission has adopted a capitalization policy for capital assets of \$500 per item.

- e. Compensated Absences - It is the Commission’s policy to permit employees to accumulate a limited amount of earned but unused sick leave and vacation days, which will be paid to employees upon separation from the Commission. The cost of vested sick leave and vacation days are recognized as an expense as earned by the employees.

- f. Equity Classification

Government-Wide Statements:

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

1. Invested in capital assets – Consists of capital assets, net of accumulated depreciation.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES AND NET ASSETS (Continued)**

2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**REVENUES AND EXPENSES**

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Expenses are classified by operating and nonoperating and are subclassified by function, such as salaries, supplies, and contracted services.

**OTHER SIGNIFICANT ACCOUNTING POLICIES**

**Interprogram Activity:**

As a general rule, the effect of activity between programs has been eliminated from the government-wide statements.

The transfers of cash between the various Authority programs are reported separately from revenues and expenses as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing program.

Interprogram receivables and payables are eliminated from the Statement of Net Assets.

**Budgets and Budgetary Accounting:**

Budgets are adopted on a basis prescribed or permitted by the Department of Housing and Urban Development. All annual appropriations lapse at fiscal year end. The Commission follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Director submits to the Board a proposed operating budget for the fiscal year commencing on April 1<sup>st</sup>. The operating budget includes proposed expenses and the means of financing them. Prior to March 31<sup>st</sup>, the budget is legally adopted by Board resolution.
2. Formal budgetary integration is employed as a management control device during the year.
3. The budget has been amended. Supplemental appropriations were made during the year with the last one approved prior to March 31<sup>st</sup>.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE B - CASH AND INVESTMENTS**

Cash and Equivalents

The Commission's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Petty cash	\$ 250
Checking accounts	68,082
Money market accounts	<u>565,278</u>
Total	<u>\$633,610</u>

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. As of March 31, 2009, the Commission's cash and equivalents were not exposed to credit risk due to them being fully insured.

Investments

The Commission's investments, as reported in the Statement of Net Assets, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>(Investment Maturities in Years)</u>
		<u>Less Than 1 Year</u>
Certificates of Deposit	<u>\$78,821</u>	<u>\$78,821</u>

Investments are recorded at fair market value, which is based on quoted market prices.

Michigan statutes authorize the Commission to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Commission's investments may not be returned. As of March 31, 2009, the Commission's investments were not exposed to credit risk, due to them being fully insured.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Commission's investments. State law limits the allowable investments as described above. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE B - CASH AND INVESTMENTS (Continued)**

*Credit Risk.* Credit risk is the risk that an issuer or other party to an investment will not fulfill its obligations. The Commission has no investment policy limiting its investments in excess of state law on investment credit. Ratings are not required for the Commission's investments outlined above. The Commission's investments are in accordance with statutory authority.

*Concentration of Credit Risk.* The Commission places no limit on the amount the Commission may invest in one issuer. However, the Commission is required to have all funds in excess of insured amounts to be collateralized. The Commission's investments and balances are with the following financial institutions:

Bank of America, Wichita, KS	\$38,810
Chemical Bank, St. Joseph, MI	<u>40,011</u>
Total	<u>\$78,821</u>

**NOTE C - CAPITAL ASSETS**

A summary of capital assets as of March 31, 2009 is as follows:

	Balance 4-1-08	Additions	Deletions	Balance 3-31-09
<i>Assets not subject to depreciation:</i>				
Land	\$ 19,800	\$ -	\$ -	\$ 19,800
Construction in progress	84,582	69,947	(78,757)	75,772
<i>Assets subject to depreciation:</i>				
Land improvements	95,360	-	-	95,360
Building and improvements	3,007,762	103,572	-	3,111,334
Equipment	<u>121,844</u>	<u>22,990</u>	<u>-</u>	<u>144,834</u>
	3,329,348	<u>\$ 196,509</u>	<u>\$ (78,757)</u>	3,447,100
Accumulated depreciation	<u>(2,508,931)</u>	<u>\$ (140,982)</u>	<u>\$ -</u>	<u>(2,649,913)</u>
Net capital assets	<u>\$ 820,417</u>			<u>\$ 797,187</u>

Depreciation expense for the year was \$140,982.

**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE D - RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE E - USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE F - VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Commission is dependent upon the Department of Housing and Urban Development (HUD) to fund its operations through operating subsidies and capital funding grants. Total revenues for the year ended March 31, 2009 totaled \$659,222 of which \$256,026 or 38.8% was from HUD subsidies and grants.

The operations of the project are subject to rules and regulations of HUD. These rules and regulations are subject to change. Such changes may occur with short notice and could create a lack of funding to pay for operational related costs, including the additional administrative burden to comply with the changes.

**NOTE G - PENSION PLAN**

Plan Description

The Commission participates in a pension plan as part of the City of St. Joseph, Michigan. The City sponsors and administers the City of St. Joseph Employee' Retirement System, a cost-sharing multiple employer public employee retirement system (PERS) that provides retirement, death and disability benefits to plan members and beneficiaries. The PERS is accounted for as a separate Pension Trust Fund and is included as part of the City of St. Joseph's reporting entity. That report may be obtained by writing to the City of St. Joseph, 700 Broad Street, St. Joseph, Michigan 49085.



**ST. JOSEPH HOUSING COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2009

(Continued)

**NOTE G - PENSION PLAN (Continued)**

Funding Policy

Employees of the City are required to contribute to the pension plan; the current rate ranges from 3.25% to 6.5% of annual compensation. The City makes periodic contributions to the pension plan based upon recommendations of the actuary and the board of trustees of the retirement system with approval by the City Commission. Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost

The required contribution was determined using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7%, (b) additional projected salary increases of 4.7-9.5% per year, depending on age, attributable to seniority/merit, and (c) an inflationary rate of 4.5%. The actuarial value of PERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll.

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Recommended Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
6/30/2006	7,446	6,728	90%
6/30/2007	76,587	218,661	286%
6/30/2008	87,981	223,575	254%

Schedule of Funding Progress

(Dollar Amounts in Millions)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) Entry Age (b)</u>	<u>Under- funded (AAL) (UAAL) (b-a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)c)</u>
6/30/2005	48.5	39.7	-8.8	122.2%	5.6	-157.1%
6/30/2006	49.3	42.3	-7.0	116.5%	6.2	-112.9%
6/30/2007	52.0	43.1	-8.9	120.6%	6.1	-145.9%

**SUPPLEMENTAL  
INFORMATION**

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
<b>Balance Sheet</b>							
111	Cash-unrestricted	\$ 615,104	\$ -	\$ -	\$ 615,104		\$ 615,104
112	Cash-restricted-modernization and development	\$ -	\$ -	\$ -	\$ -		\$ -
113	Cash-other restricted	\$ -	\$ -	\$ -	\$ -		\$ -
114	Cash-tenant security deposits	\$ 18,506	\$ -	\$ -	\$ 18,506		\$ 18,506
115	Cash - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -		\$ -
100	<b>Total Cash</b>	<b>\$ 633,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 633,610</b>	<b>\$ -</b>	<b>\$ 633,610</b>
121	Accounts receivable - PHA projects	\$ -	\$ -	\$ -	\$ -		\$ -
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
122-020	Accounts receivable - HUD other projects - Capital fund	\$ 4,439	\$ -	\$ -	\$ 4,439		\$ 4,439
122-030	Accounts receivable - HUD other projects - Other	\$ -	\$ -	\$ -	\$ -		\$ -
122	<b>Accounts receivable - HUD other projects</b>	<b>\$ 4,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,439</b>		<b>\$ 4,439</b>
124	Account receivable - other government	\$ -	\$ -	\$ -	\$ -		\$ -
125-010	Account receivable - miscellaneous - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
125-020	Account receivable - miscellaneous - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
125-030	Account receivable - miscellaneous - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
125-040	Account receivable - miscellaneous - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
125-050	Account receivable - miscellaneous - Other	\$ -	\$ -	\$ -	\$ -		\$ -
125-060	Other - Comment						
125	<b>Account receivable - miscellaneous</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
126	Accounts receivable - tenants	\$ 55	\$ -	\$ -	\$ 55		\$ 55
126.1	Allowance for doubtful accounts - tenants	\$ -	\$ -	\$ -	\$ -		\$ -
126.2	Allowance for doubtful accounts - other	\$ -	\$ -	\$ -	\$ -		\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -		\$ -
128	Fraud recovery	\$ -	\$ -	\$ -	\$ -		\$ -
128.1	Allowance for doubtful accounts - fraud	\$ -	\$ -	\$ -	\$ -		\$ -
129	Accrued interest receivable	\$ 131	\$ -	\$ -	\$ 131		\$ 131
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 4,625</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,625</b>	<b>\$ -</b>	<b>\$ 4,625</b>
131	Investments - unrestricted	\$ 78,821	\$ -	\$ -	\$ 78,821		\$ 78,821
132	Investments - restricted	\$ -	\$ -	\$ -	\$ -		\$ -
135	Investments - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -		\$ -
142	Prepaid expenses and other assets	\$ 703	\$ -	\$ -	\$ 703		\$ 703
143	Inventories	\$ 7,500	\$ -	\$ -	\$ 7,500		\$ 7,500
143.1	Allowance for obsolete inventories	\$ -	\$ -	\$ -	\$ -		\$ -
144	Inter program - due from	\$ -	\$ -	\$ -	\$ -		\$ -
145	Assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
150	<b>Total Current Assets</b>	<b>\$ 725,259</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 725,259</b>	<b>\$ -</b>	<b>\$ 725,259</b>
161	Land	\$ 19,800	\$ -	\$ -	\$ 19,800		\$ 19,800
162	Buildings	\$ 3,111,334	\$ -	\$ -	\$ 3,111,334		\$ 3,111,334
163	Furniture, equipment and machinery - dwellings	\$ 59,550	\$ -	\$ -	\$ 59,550		\$ 59,550
164	Furniture, equipment and machinery - administration	\$ 85,284	\$ -	\$ -	\$ 85,284		\$ 85,284
165	Leasehold improvements	\$ 95,360	\$ -	\$ -	\$ 95,360		\$ 95,360
166	Accumulated depreciation	\$ (2,649,913)	\$ -	\$ -	\$ (2,649,913)		\$ (2,649,913)
167	Construction in progress	\$ 75,772	\$ -	\$ -	\$ 75,772		\$ 75,772
168	Infrastructure	\$ -	\$ -	\$ -	\$ -		\$ -
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 797,187</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 797,187</b>	<b>\$ -</b>	<b>\$ 797,187</b>
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -

See accompanying notes to financial statements

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
171-060	Other - Comment						
171	<b>Notes, Loans, &amp; mortgages receivable – Non-current</b>	\$ -	\$ -	\$ -	\$ -		\$ -
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
172-060	Other - Comment						
172	<b>Notes, Loans, &amp; mortgages receivable – Non-current - past due</b>	\$ -	\$ -	\$ -	\$ -		\$ -
173	Grants receivable – Non-current	\$ -	\$ -	\$ -	\$ -		\$ -
174-010	Other assets - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
174-020	Other assets - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
174-030	Other assets - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
174-040	Other assets - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
174-050	Other assets - Other	\$ -	\$ -	\$ -	\$ -		\$ -
174-060	Other - Comment						
174	<b>Other assets</b>	\$ -	\$ -	\$ -	\$ -		\$ -
176-010	Investment in Joint venture - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
176-020	Investment in Joint venture - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
176-030	Investment in Joint venture - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
176-040	Investment in Joint venture - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
176-050	Investment in Joint venture - Other	\$ -	\$ -	\$ -	\$ -		\$ -
176-060	Other - Comment						
176	<b>Investment in joint venture</b>	\$ -	\$ -	\$ -	\$ -		\$ -
180	<b>Total Non-current Assets</b>	\$ 797,187	\$ -	\$ -	\$ 797,187	\$ -	\$ 797,187
190	<b>Total Assets</b>	\$ 1,522,446	\$ -	\$ -	\$ 1,522,446	\$ -	\$ 1,522,446
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -		\$ -
312	Accounts payable <= 90 days	\$ 13,295	\$ -	\$ -	\$ 13,295		\$ 13,295
313	Accounts payable > 90 days past due	\$ -	\$ -	\$ -	\$ -		\$ -
321	Accrued wage/payroll taxes payable	\$ 7,095	\$ -	\$ -	\$ 7,095		\$ 7,095
322	Accrued compensated absences - current portion	\$ 9,721	\$ -	\$ -	\$ 9,721		\$ 9,721
324	Accrued contingency liability	\$ -	\$ -	\$ -	\$ -		\$ -
325	Accrued interest payable	\$ -	\$ -	\$ -	\$ -		\$ -
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -	\$ -	\$ -	\$ -		\$ -
331-030	Accounts payable - HUD PHA Programs - Other	\$ -	\$ -	\$ -	\$ -		\$ -
331	<b>Accounts payable - HUD PHA Programs</b>	\$ -	\$ -	\$ -	\$ -		\$ -
332	Accounts payable - PHA Projects	\$ -	\$ -	\$ -	\$ -		\$ -
333	Accounts payable - other government	\$ 22,573	\$ -	\$ -	\$ 22,573		\$ 22,573
341	Tenant security deposits	\$ 18,506	\$ -	\$ -	\$ 18,506		\$ 18,506
342-010	Deferred revenue - Operating Subsidy	\$ -	\$ -	\$ -	\$ -		\$ -
342-020	Deferred revenue - Capital fund	\$ -	\$ -	\$ -	\$ -		\$ -
342-030	Deferred revenue - Other	\$ 6,463	\$ -	\$ -	\$ 6,463		\$ 6,463
342	<b>Deferred revenue</b>	\$ 6,463	\$ -	\$ -	\$ 6,463		\$ 6,463
343-010	CFPP	\$ -	\$ -	\$ -	\$ -		\$ -
343-020	Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
343	<b>Current portion of long-term debt - capital projects/mortgage revenue bonds</b>	\$ -	\$ -	\$ -	\$ -		\$ -
344	Current portion of long-term debt - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
345	Other current liabilities	\$ -	\$ -	\$ -	\$ -		\$ -
346	Accrued liabilities - other	\$ -	\$ -	\$ -	\$ -		\$ -
347	Inter program - due to	\$ -	\$ -	\$ -	\$ -		\$ -

See accompanying notes to financial statements

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
348-010	Loan liability - current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
348-020	Loan liability - current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
348-030	Loan liability - current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
348-040	Loan liability - current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
348-050	Loan liability - current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
348-060	Other - Comment						
348	<b>Loan liability - current</b>	\$ -	\$ -	\$ -	\$ -		\$ -
310	<b>Total Current Liabilities</b>	\$ 77,653	\$ -	\$ -	\$ 77,653	\$ -	\$ 77,653

351-010	Long-term debt - CFFP	\$ -	\$ -	\$ -	\$ -		\$ -
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
351	<b>Capital Projects/ Mortgage Revenue Bonds</b>	\$ -	\$ -	\$ -	\$ -		\$ -
352	Long-term debt, net of current - operating borrowings	\$ -	\$ -	\$ -	\$ -		\$ -
353	Non-current liabilities - other	\$ -	\$ -	\$ -	\$ -		\$ -
354	Accrued compensated absences- Non-current	\$ 3,559	\$ -	\$ -	\$ 3,559		\$ 3,559
355-010	Loan liability - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
355-020	Loan liability - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
355-030	Loan liability - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
355-040	Loan liability - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
355-050	Loan liability - Non-current - Other	\$ -	\$ -	\$ -	\$ -		\$ -
355-060	Other - Comment						
355	<b>Loan liability - Non-current</b>	\$ -	\$ -	\$ -	\$ -		\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -		\$ -
357	Accrued Pension and OPEB Liability	\$ -	\$ -	\$ -	\$ -		\$ -
350	<b>Total Non-current liabilities</b>	\$ 3,559	\$ -	\$ -	\$ 3,559	\$ -	\$ 3,559

300	<b>Total Liabilities</b>	\$ 81,212	\$ -	\$ -	\$ 81,212	\$ -	\$ 81,212
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508.1	Invested in capital assets, net of related debt	\$ 797,187	\$ -	\$ -	\$ 797,187		\$ 797,187
511.1	Restricted Net Assets	\$ -	\$ -	\$ -	\$ -		\$ -
512.1	Unrestricted Net Assets	\$ 644,047	\$ -	\$ -	\$ 644,047		\$ 644,047
513	<b>Total Equity/Net Assets</b>	\$ 1,441,234	\$ -	\$ -	\$ 1,441,234	\$ -	\$ 1,441,234

600	<b>Total Liabilities and Equity/Net assets</b>	\$ 1,522,446	\$ -	\$ -	\$ 1,522,446	\$ -	\$ 1,522,446
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Income Statement							
70300	Net tenant rental revenue	\$ 351,135	\$ -	\$ -	\$ 351,135		\$ 351,135
70400	Tenant revenue - other	\$ 10,613	\$ -	\$ -	\$ 10,613		\$ 10,613
70500	<b>Total Tenant Revenue</b>	\$ 361,748	\$ -	\$ -	\$ 361,748	\$ -	\$ 361,748

70600-010	Housing assistance payments	\$ -	\$ -	\$ -	\$ -		\$ -
70600-020	Ongoing administrative fees earned	\$ -	\$ -	\$ -	\$ -		\$ -
70600-030	Hard to house fee revenue	\$ -	\$ -	\$ -	\$ -		\$ -
70600-031	FSS Coordinator	\$ -	\$ -	\$ -	\$ -		\$ -
70600-040	Actual independent public accountant audit costs	\$ -	\$ -	\$ -	\$ -		\$ -
70600-050	Total preliminary fees earned	\$ -	\$ -	\$ -	\$ -		\$ -
70600-060	All other fees	\$ -	\$ -	\$ -	\$ -		\$ -
70600-070	Admin fee calculation description	\$ -	\$ -	\$ -	\$ -		\$ -
70600	<b>HUD PHA operating grants</b>	\$ 163,777	\$ -	\$ -	\$ 163,777		\$ 163,777

70610	Capital grants	\$ 92,249	\$ -	\$ -	\$ 92,249		\$ 92,249
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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70710	Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70720	Asset Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70730	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ -	\$ -		\$ -
70750	Other Fees	\$ -	\$ -	\$ -	\$ -		\$ -
70700	<b>Total Fee Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70800	Other government grants	\$ -	\$ -	\$ -	\$ -		\$ -
71100-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
71100-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
71100	<b>Investment income - unrestricted</b>	\$ 8,725	\$ -	\$ -	\$ 8,725		\$ 8,725
71200	Mortgage interest income	\$ -	\$ -	\$ -	\$ -		\$ -
71300	Proceeds from disposition of assets held for sale	\$ -	\$ -	\$ -	\$ -		\$ -
71310	Cost of sale of assets	\$ -	\$ -	\$ -	\$ -		\$ -
71400-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
71400-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
71400	<b>Fraud recovery</b>	\$ -	\$ -	\$ -	\$ -		\$ -
71500	Other revenue	\$ 32,723	\$ -	\$ -	\$ 32,723		\$ 32,723
71600	Gain or loss on sale of capital assets	\$ -	\$ -	\$ -	\$ -		\$ -
72000-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -		\$ -
72000-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
72000	<b>Investment income - restricted</b>	\$ -	\$ -	\$ -	\$ -		\$ -
70000	<b>Total Revenue</b>	\$ 659,222	\$ -	\$ -	\$ 659,222	\$ -	\$ 659,222
91100	Administrative salaries	\$ 61,092	\$ -	\$ -	\$ 61,092		\$ 61,092
91200	Auditing fees	\$ 3,100	\$ -	\$ -	\$ 3,100		\$ 3,100
91300	Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
91310	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -		\$ -
91400	Advertising and Marketing	\$ 911	\$ -	\$ -	\$ 911		\$ 911
91500	Employee benefit contributions - administrative	\$ 15,181	\$ -	\$ -	\$ 15,181		\$ 15,181
91600	Office Expenses	\$ 16,905	\$ -	\$ -	\$ 16,905		\$ 16,905
91700	Legal Expense	\$ 4,112	\$ -	\$ -	\$ 4,112		\$ 4,112
91800	Travel	\$ 608	\$ -	\$ -	\$ 608		\$ 608
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -		\$ -
91900	Other	\$ 8,636	\$ -	\$ -	\$ 8,636		\$ 8,636
91000	<b>Total Operating-Administrative</b>	\$ 110,545	\$ -	\$ -	\$ 110,545	\$ -	\$ 110,545
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -		\$ -
92100	Tenant services - salaries	\$ 29,839	\$ -	\$ -	\$ 29,839		\$ 29,839
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -		\$ -
92300	Employee benefit contributions - tenant services	\$ 12,937	\$ -	\$ -	\$ 12,937		\$ 12,937
92400	Tenant services - other	\$ 5,000	\$ -	\$ -	\$ 5,000		\$ 5,000
92500	<b>Total Tenant Services</b>	\$ 47,776	\$ -	\$ -	\$ 47,776	\$ -	\$ 47,776
93100	Water	\$ 2,637	\$ -	\$ -	\$ 2,637		\$ 2,637
93200	Electricity	\$ 27,977	\$ -	\$ -	\$ 27,977		\$ 27,977
93300	Gas	\$ 70,243	\$ -	\$ -	\$ 70,243		\$ 70,243
93400	Fuel	\$ -	\$ -	\$ -	\$ -		\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -		\$ -
93600	Sewer	\$ 3,162	\$ -	\$ -	\$ 3,162		\$ 3,162
93700	Employee benefit contributions - utilities	\$ -	\$ -	\$ -	\$ -		\$ -
93800	Other utilities expense	\$ 10,264	\$ -	\$ -	\$ 10,264		\$ 10,264
93000	<b>Total Utilities</b>	\$ 114,283	\$ -	\$ -	\$ 114,283	\$ -	\$ 114,283

See accompanying notes to financial statements

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94100	Ordinary maintenance and operations - labor	\$ 57,291	\$ -	\$ -	\$ 57,291		\$ 57,291
94200	Ordinary maintenance and operations - materials and other	\$ 14,335	\$ -	\$ -	\$ 14,335		\$ 14,335
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 1,262	\$ -	\$ -	\$ 1,262		\$ 1,262
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 31,474	\$ -	\$ -	\$ 31,474		\$ 31,474
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ 1,740	\$ -	\$ -	\$ 1,740		\$ 1,740
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ 10,200	\$ -	\$ -	\$ 10,200		\$ 10,200
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 1,334	\$ -	\$ -	\$ 1,334		\$ 1,334
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ -	\$ -	\$ -	\$ -		\$ -
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 1,397	\$ -	\$ -	\$ 1,397		\$ 1,397
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 1,476	\$ -	\$ -	\$ 1,476		\$ 1,476
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 864	\$ -	\$ -	\$ 864		\$ 864
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ 2,950	\$ -	\$ -	\$ 2,950		\$ 2,950
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 1,400	\$ -	\$ -	\$ 1,400		\$ 1,400
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 8,512	\$ -	\$ -	\$ 8,512		\$ 8,512
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>\$ 62,609</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,609</b>		<b>\$ 62,609</b>
94500	Employee benefit contribution - ordinary maintenance	\$ 27,320	\$ -	\$ -	\$ 27,320		\$ 27,320
94000	<b>Total Maintenance</b>	<b>\$ 161,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,555</b>	<b>\$ -</b>	<b>\$ 161,555</b>
95100	Protective services - labor	\$ -	\$ -	\$ -	\$ -		\$ -
95200	Protective services - other contract costs	\$ 975	\$ -	\$ -	\$ 975		\$ 975
95300	Protective services - other	\$ -	\$ -	\$ -	\$ -		\$ -
95500	Employee benefit contributions - protective services	\$ -	\$ -	\$ -	\$ -		\$ -
95000	<b>Total Protective Services</b>	<b>\$ 975</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 975</b>	<b>\$ -</b>	<b>\$ 975</b>
96110	Property Insurance	\$ 11,679	\$ -	\$ -	\$ 11,679		\$ 11,679
96120	Liability Insurance	\$ 5,982	\$ -	\$ -	\$ 5,982		\$ 5,982
96130	Workmen's Compensation	\$ -	\$ -	\$ -	\$ -		\$ -
96140	All other Insurance	\$ 412	\$ -	\$ -	\$ 412		\$ 412
96100	<b>Total Insurance Premiums</b>	<b>\$ 18,073</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,073</b>	<b>\$ -</b>	<b>\$ 18,073</b>
96200	Other general expenses	\$ -	\$ -	\$ -	\$ -		\$ -
96210	Compensated absences	\$ 379	\$ -	\$ -	\$ 379		\$ 379
96300	Payments in lieu of taxes	\$ 22,574	\$ -	\$ -	\$ 22,574		\$ 22,574
96400	Bad debt - tenant rents	\$ 1,196	\$ -	\$ -	\$ 1,196		\$ 1,196
96500	Bad debt - mortgages	\$ -	\$ -	\$ -	\$ -		\$ -
96600	Bad debt - other	\$ -	\$ -	\$ -	\$ -		\$ -
96800	Severance expense	\$ -	\$ -	\$ -	\$ -		\$ -
96000	<b>Total Other General Expenses</b>	<b>\$ 24,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,149</b>	<b>\$ -</b>	<b>\$ 24,149</b>
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -		\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -		\$ -
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -		\$ -
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 477,356</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 477,356</b>	<b>\$ -</b>	<b>\$ 477,356</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>\$ 181,866</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 181,866</b>	<b>\$ -</b>	<b>\$ 181,866</b>
97100	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ -		\$ -
97200	Casualty losses- Non-capitalized	\$ -	\$ -	\$ -	\$ -		\$ -

See accompanying notes to financial statements

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
97300-010	Mainstream 1 & 5 year	\$ -	\$ -	\$ -	\$ -		\$ -
97300-020	Home-Ownership	\$ -	\$ -	\$ -	\$ -		\$ -
97300-025	Litigation	\$ -	\$ -	\$ -	\$ -		\$ -
97300-030	Hope IV	\$ -	\$ -	\$ -	\$ -		\$ -
97300-035	Moving to Work	\$ -	\$ -	\$ -	\$ -		\$ -
97300-040	Tenant Protection	\$ -	\$ -	\$ -	\$ -		\$ -
97300-050	All Other	\$ -	\$ -	\$ -	\$ -		\$ -
97300	<b>Housing assistance payments</b>	\$ -	\$ -	\$ -	\$ -		\$ -
97350	<b>HAP Portability-in</b>	\$ -	\$ -	\$ -	\$ -		\$ -
97400	Depreciation expense	\$ 140,982	\$ -	\$ -	\$ 140,982		\$ 140,982
97500	Fraud losses	\$ -	\$ -	\$ -	\$ -		\$ -
97800	Dwelling units rent expense	\$ -	\$ -	\$ -	\$ -		\$ -
90000	<b>Total Expenses</b>	\$ 618,338	\$ -	\$ -	\$ 618,338	\$ -	\$ 618,338
10010	Operating transfer in	\$ 12,259	\$ -	\$ -	\$ 12,259		\$ 12,259
10020	Operating transfer out	\$ (12,259)	\$ -	\$ -	\$ (12,259)		\$ (12,259)
10030-010	Not For Profit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-020	Partnership	\$ -	\$ -	\$ -	\$ -		\$ -
10030-030	Joint Venture	\$ -	\$ -	\$ -	\$ -		\$ -
10030-040	Tax Credit	\$ -	\$ -	\$ -	\$ -		\$ -
10030-050	Other	\$ -	\$ -	\$ -	\$ -		\$ -
10030-060	Other - Comment						
10030	<b>Operating transfers from / to primary government</b>	\$ -	\$ -	\$ -	\$ -		\$ -
10040	Operating transfers from / to component unit	\$ -	\$ -	\$ -	\$ -		\$ -
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 Programs and Projects - in	\$ -	\$ -	\$ -	\$ -		\$ -
10094	Transfers between Programs and Projects - out	\$ -	\$ -	\$ -	\$ -		\$ -
10100	<b>Total other financing sources (uses)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	\$ 40,884	\$ -	\$ -	\$ 40,884	\$ -	\$ 40,884
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -		\$ -
11030	Beginning equity	\$ 1,400,350	\$ -	\$ -	\$ 1,400,350		\$ 1,400,350
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-020	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-030	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-040	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-050	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-060	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -		\$ -
11040-070	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-080	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-090	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-100	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040-110	Equity Transfers	\$ -	\$ -	\$ -	\$ -		\$ -
11040	<b>Prior period adjustments, equity transfers, and correction of errors</b>	\$ -	\$ -	\$ -	\$ -		\$ -
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ -	\$ -	\$ -		\$ -
11170-010	Administrative Fee Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -		\$ -

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Line Item No.	Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -		\$ -
11170-040	Investment Income	\$ -	\$ -	\$ -	\$ -		\$ -
11170-045	Fraud Recovery Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-050	Other Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11170-051	Comment for Other Revenue						
11170-060	Total Admin Fee Revenues	\$ -	\$ -	\$ -	\$ -		\$ -
11170-080	Total Operating Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11170-090	Depreciation	\$ -	\$ -	\$ -	\$ -		\$ -
11170-095	Housing Assistance Portability In	\$ -	\$ -	\$ -	\$ -		\$ -
11170-100	Other Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11170-101	Comment for Other Expense						
11170-110	Total Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11170-002	Net Administrative Fee	\$ -	\$ -	\$ -	\$ -		\$ -
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ -	\$ -	\$ -		\$ -
11170	<b>Administrative Fee Equity</b>	\$ -	\$ -	\$ -	\$ -		\$ -
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ -	\$ -	\$ -	\$ -		\$ -
11180-010	Housing Assistance Payment Revenues	\$ -	\$ -	\$ -	\$ -		\$ -
11180-015	Fraud Recovery Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11180-020	Other Revenue	\$ -	\$ -	\$ -	\$ -		\$ -
11180-021	Comment for Other Revenue						
11180-025	Investment Income	\$ -	\$ -	\$ -	\$ -		\$ -
11180-030	Total HAP Revenues	\$ -	\$ -	\$ -	\$ -		\$ -
11180-080	Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -		\$ -
11180-090	Other Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11180-091	Comments for Other Expenses						
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ -	\$ -	\$ -		\$ -
11180-002	Net Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -		\$ -
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ -	\$ -	\$ -		\$ -
11180	<b>Housing Assistance Payments Equity</b>	\$ -	\$ -	\$ -	\$ -		\$ -
11190-210	Total ACC HCV Units	0	0	0	0		0
11190-220	Unfunded Units	0	0	0	0		0
11190-230	Other Adjustments	0	0	0	0		0
11190	<b>Unit Months Available</b>	<b>1284</b>	<b>0</b>	<b>0</b>	<b>1284</b>		<b>1284</b>
11210	<b>Unit Months Leased</b>	<b>1249</b>	<b>0</b>	<b>0</b>	<b>1249</b>		<b>1249</b>
11270	<b>Excess Cash</b>	<b>\$ 639,403</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 639,403</b>		<b>\$ 639,403</b>
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11620	Building Purchases	\$ 75,801	\$ -	\$ -	\$ 75,801		\$ 75,801
11630	Furniture & Equipment-Dwelling Purchases	\$ 15,019	\$ -	\$ -	\$ 15,019		\$ 15,019
11640	Furniture & Equipment-Administrative Purchases	\$ 1,429	\$ -	\$ -	\$ 1,429		\$ 1,429
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -		\$ -
13510	CFPP Debt Service Payments	\$ -	\$ -	\$ -	\$ -		\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -		\$ -

**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  
St. Joseph Housing Commission  
St. Joseph, Michigan

We have audited the financial statements of St. Joseph Housing Commission as of and for the year ended March 31, 2009, and have issued our report thereon dated November 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

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

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS



**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**

This report is intended solely for the information of the Board of Commissioners, management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson Tackman & Co., P.C.*

ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

November 5, 2009

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

