

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name)		Telephone Number
Street Address	City	State Zip
Authorizing CPA Signature	Printed Name	License Number

LINCOLN PARK HOUSING COMMISSION

Financial Statements

March 31, 2007

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

TABLE OF CONTENTS

	<u>Page</u>
Management Discussion and Analysis	i
Independent Auditor's Opinion	ii
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Assets	2
Statement of Revenues, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
 <u>SUPPLEMENTAL DATA</u>	
Combining Balance Sheet	10
Combining Statement of Income and Expenses	11
Schedule of Annual Federal Awards	12
Status of Prior Audit Findings	13
Report on Compliance Applicable with Requirements to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	14
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16
Schedule of Findings and Questioned Cost	17

LINCOLN PARK HOUSING COMMISSION
1356 Electric
Lincoln Park, Michigan 48146

This discussion and analysis of the Lincoln Park Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the financial statements.

Entity-Wide Statements

The combined financial statements show, in one place, all the Commission's operations. Our statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses connected with the fiscal year are taken into account even if the cash involved has not actually been received or paid. The Financial Data Schedule included within the audit report contains all the programs of the Commission.

Fund Statements

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Proprietary Fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Entity-Wide Financial Highlights

The Commission was awarded and received the following Federal Assistance:

	<u>Year 2007</u>	<u>Year 2006</u>
Operating Subsidies	\$ 168,454	\$ 188,858
Section 8 Housing Choice Vouchers	2,136,932	2,061,093
Section 8 Mod Rehab	130,977	176,664
Capital Projects Funds	254,426	74,764

Comparison of the current year to the past and discussion of significant changes as follows:

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Net Change</u>
Cash & cash equivalents	\$ 1,241,684	\$ 893,789	374,895
Accounts Receivable	5,418	1,130	(4,315)
Prepaid Expenses	18,570	30,413	(11,843)
Fixed Assets, prior to Depreciation	5,909,433	5,750,749	158,684
Total Liabilities	89,842	106,696	(16,854)
Net Assets	2,449,293	2,150,135	299,158

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Net Change</u>
Revenues:			
Tenant Revenues	297,301	274,271	23,030
HUD Grants	2,690,789	2,501,379	189,410
Other Revenues	<u>114,495</u>	<u>219,611</u>	(105,116)
Total Revenue	<u>3,102,585</u>	<u>2,995,261</u>	107,324
Expenses:			
Administrative	353,217	351,489	1,728
Tenant Services	11,914	10,366	1,548
Utilities	164,349	137,634	26,715
Maintenance & Operations	213,553	206,876	6,677
Protective Services	3,390	2,716	674
General Expenses	63,518	40,291	23,227
Depreciation Expense	<u>218,919</u>	<u>221,064</u>	(2,145)
Total Operating Expenses	1,028,860	970,436	58,424
Non Operating Expenses:			
Housing Assistance Payments	<u>1,832,444</u>	<u>1,712,119</u>	120,325
Total Expenses	<u>2,861,304</u>	<u>2,682,555</u>	178,749
Net Change in Net Assets	241,281	312,706	(71,325)

Our cash position increased \$ 374,895. as a result of net income before depreciation of \$ 460,200; part of the increase was used to reduce liabilities by \$ 16,854, and purchase fixed assets as described later within this report.

Prepaid expenses consist of unused insurance premiums- the balance represents that portion which has been paid but extends to future periods; the net change in prepaid expenses is a decrease of \$ 11,843.

HUD grants are a result of requisitioning eligible funds. HUD grants received are a result of calculations under the Performance Funding System, Capital grants authorized and obligated during the year, and Housing Assistance grants. Total HUD grants were higher by \$ 189,410; primarily due to increase in the Capital Fund Program.

Net Assets increased \$ 299,158 as a result of net income of \$ 241,281, and prior period adjustments for the prior years PILOT and a missed deposit which was recorded in the current year.

Other income decreased \$ 105,116- actually the revenues in fiscal year 2006 were much higher as a result of a roof top antenna settlement; the company had been using the building for a number of years and agreed to pay back rent, interest and electricity in the amount of \$ 146,000. This year, and for future years, only the current years rent will be in other income.

Several expense accounts increased/decreased, the three most significant are as follows:

Gas expense increased as a result of a rate increase which affected the entire community; gas expense increased \$ 26,227. Insurance premiums increased as rates are adjusted annually, and our PILOT expense increased \$ 15,042. PILOT is calculated using a formula which considers tenant rents, utility expenses and adjustments for mileage rate changes. Housing Assistance Payments (HAP) increased as a result of increased leasing in the section 8 housing Choice vouchers- total HAP's increased \$ 120,325. Other expense accounts changed in relationship to ordinary increases due to inflation.

The Commission provided the following housing for low to moderately low income families:

	<u>Year 2007</u>	<u>Year 2006</u>
Low Rent Public Housing	119	119
Section 8 Vouchers	289	289
Section 8 Mod Rehab	35	35

General Fund Budgetary Highlights

The Commission approved an operating budget on March 21, 2006 for the fiscal year ending March 31, 2007, and we did not feel the need to amend the budget.

The significant differences between actual and budget are as follows:

Our budget showed a projected break-even for operations; we experienced an increase of \$ \$ 241,281. The increase was a result of drawing \$ 154,500 in our capital fund for operations and lower than expected material and contract cost.

Entity Wide Capital Assets

The fixed assets increased \$ 158,684 prior to depreciation. The additions were repairs to common areas and architect cost for future Capital Fund Projects (CFP). We drew \$ 154,500 from our CFP programs for operations.

Commission's Position

We anticipate current funding levels for operations and capital improvements will remain consistent with past years; therefore, the Commission expects to continue to provide safe, sanitary and decent housing for the low and moderately low income families.

We intend on drawing our 2007 Capital Fund for operations; we do not anticipate any change in the number of families which we serve.

Questions or comments concerning this Management Discussion and Analysis may be directed to:

Sabrina Gaddy, Property Supervisor
 % Fourmidable
 32500 Telegraph
 Bingham Farm, Michigan 48025

John C. DiPiero, P.C.

Certified Public Accountant

P. O. Box 378
Hemlock, Michigan 48626
Tel / Fax (989) 642-2092

Board of Commissioners
Lincoln Park Housing Commission
1356 Electric
Lincoln Park, Michigan 48146

Independent Auditor's Report

I have audited the financial statements of the Lincoln Park Housing Commission Business Type Activities as of and for the year ended March 31, 2007. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the 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 from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lincoln Park Housing Commission as of March 31, 2007, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2007, on my consideration of the Lincoln Park Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Required Supplemental Information

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Combining Financial Statements

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as whole.

Certified Public Accountant

December 15, 2007

LINCOLN PARK HOUSING COMMISSION
Statement of Net Assets
March 31, 2007

ASSETS

C-3175

CURRENT ASSETS

Cash & Cash Equivalents	\$ 1,241,684	
Accounts Receivable	5,418	
Accounts Receivable- Miscellaneous	2,200	
Prepaid Expenses	<u>18,570</u>	
Total Current Assets		\$ 1,267,872

NON CURRENT ASSETS

Land	\$ 87,209	
Buildings	5,500,204	
Furniture, Equipment- Dwellings	73,220	
Furniture, Equipment- Administrative	140,874	
construction in Progress	107,926	
Accumulated Depreciation	<u>(4,638,170)</u>	
Total Non Current Assets		<u>1,271,263</u>

TOTAL ASSETS

\$ 2,539,135

LINCOLN PARK HOUSING COMMISSION
Statement of Net Assets
March 31, 2007

LIABILITIES

C-3175

CURRENT LIABILITIES

Accounts Payable	\$	7,571	
Accrued Wages & Payroll Taxes		10,471	
Accounts Payable- Other Government		13,295	
Tenants Security Deposit		31,203	
Deferred Revenue		3,169	
Accrued Liabilities-Other		<u>24,133</u>	
<u>TOTAL LIABILITIES</u>	\$		89,842

Net Assets

Investment in Fixed Assets net of Related Debt	\$	1,296,745	
Unrestricted Net Assets		<u>1,152,548</u>	
<u>TOTAL NET ASSETS</u>			<u>2,449,293</u>
<u>TOTAL LIABILITIES & NET ASSETS</u>	\$		<u>2,539,135</u>

The Accompanying Footnotes are an Integral Part of the Financial Statements.

LINCOLN PARK HOUSING COMMISSION
Statement of Revenues, Expenses, and Changes in Net Assets
For the year ended March 31, 2007

OPERATING REVENUE

Tenant Rental Revenue	\$	297,301	
HUD Grants		2,590,863	
Interest Income		37,052	
Other Income		<u>77,443</u>	
 <u>Total Operating Revenue</u>			 \$ 3,002,659

OPERATING EXPENSES

Administrative	\$	353,217	
Tenant Services		11,914	
Utility Expenses		164,349	
Ordinary Maintenance		213,553	
Protective Services		3,390	
General Expenses		63,518	
Depreciation Expense		<u>218,919</u>	
 <u>Total Operating Expenses</u>			 <u>1,028,860</u>
 <u>Operating Income (Loss)</u>			 \$ 1,973,799

NONOPERATING REVENUE (EXPENSES)

Housing Assistance Payments	\$	<u>(1,832,444)</u>	
 <u>Total NonOperating Revenue (Expenses)</u>			 <u>(1,832,444)</u>
 <u>Income (Loss) before Contributions</u>			 \$ 141,355

CAPITAL CONTRIBUTIONS

		<u>99,926</u>	
 <u>Changes in Net Assets</u>			 \$ 241,381
Total Net Assets- Beginning	\$	2,150,135	
Correction of Funding per HUD		<u>57,777</u>	<u>2,207,912</u>
 Total Net Assets- Ending			 \$ <u>2,449,293</u>

The Accompanying Notes are an Integral part of the Financial Statements

LINCOLN PARK HOUSING COMMISSION
Statement of Cash Flows
For the Year Ended March 31, 2007

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$	292,988
Payments to Suppliers		(2,136,074)
Payments to Employees		(253,534)
HUD Grants		2,501,379
Other Receipts (Payments)		<u>114,495</u>
Net Cash Provided (Used) by Operating Activities	\$	519,254

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets		<u>(171,359)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$	347,895
Cash Balance- Beginning of Year		<u>893,789</u>
Cash Balance- End of Year	\$	<u>1,241,684</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$	241,281
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation		218,919
Changes in Assets (Increase) Decrease:		
Receivables		(6,488)
Receivables- Other		85,407
Prepaid Expenses		11,843
Changes in Liabilities Increase (Decrease):		
Accounts Payable		(10,007)
Accrued Liabilities		(7,427)
Accounts Payable-Other governments		(15,727)
Security Deposits		1,916
Deferred Revenue		<u>(463)</u>
Net Cash Provided by Operating Activities	\$	<u>519,254</u>

The Accompanying Notes are an Integral part of the Financial Statements

LINCOLN PARK HOUSING COMMISSION
Notes to Financial Statements
March 31, 2007

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity-

Lincoln Park. Housing Commission, Lincoln Park, Michigan, (Commission) was created by ordinance of Lincoln Park. The Commission signed and Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 32-001	Low rent program	119 units
MI 32-V0 032-2, 3	Section 8 Vouchers	289 units
	Section 8 Mod Rehab	35 units

In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. Based on the above criteria, the component unit is reported as a blend in the financial data schedule.

These criteria were considered in determining the reporting entity.

Basis of Presentation-

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Notes to Financial Statements- continued

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that 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, management control, accountability, or other purposes.

Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, provided that they do not conflict with Governmental Accounting Standards Board (GASB) pronouncements.

Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

Assets, Liabilities, and Net Assets-

Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Notes to Financial Statements- continued

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is reported as Invested in Capital Assets, Net of Related Debt.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Due to/From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods or services; these receivables and payables are classified as "due from" or "due to" other funds on the Balance Sheet.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

Checking Accounts	\$ 140,101
Money Market Accounts	1,101,083
Petty Cash	<u>500</u>
Financial Statement Total	<u>\$ 1,241,684</u>

Notes to Financial Statements- continued

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

	<u>Categories</u>			Carrying Amount	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash:					
Checking A/C's	\$ 140,101	\$	\$	\$ 140,101	\$ 140,101
Money Market	1,101,083			1,101,083	1101,083
Petty Cash	<u>500</u>			<u>500</u>	<u>500</u>
Total Cash	\$ <u>1,241,684</u>	\$	\$	\$ <u>1,241,684</u>	\$ <u>1241,684</u>

All cash and investments are protected by either FDIC, SIPC, or independent bank collateral guarantees.

Note 3: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 87,209	\$	\$	\$ 87,209
Buildings	5,428,771	71,433		5,500,204
Furniture & Equipment-Dwellings	85,895		12,675	73,220
Furniture & Equipment-Admin	140,874			140,874
Construction in Progress	<u>8,000</u>	<u>99,926</u>		<u>107,926</u>
	\$ 5,750,749	\$ 171,359	\$ 12,675	\$ 5,909,433
Less Accumulated Depreciation	<u>4,419,251</u>	<u>218,919</u>		<u>4,638,170</u>
	\$ <u>1,331,498</u>	\$ <u>(47,560)</u>	\$ <u>12,675</u>	\$ <u>1,271,263</u>

Note 4: Accrued Liabilities-Other

Accrued Liabilities-other, consist of the following:

Accrued Management Fees	\$ 5,500
Accrued Utilities Payable	<u>18,633</u>
Financial Statement Total	\$ <u>24,133</u>

Notes to Financial Statements- continued

Note 5: Pension Plan

The Commission provides a 401K plan for all eligible full time employees. The Commission contributes a percentage of eligible employees wages to the plan and accounts for pension cost as incurred.

Note 6: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 12,690,908
General Liability	2,000,000
Automobile Liability	1,000,000
Dishonesty Bond	2,000,000
Worker's Compensation and other riders: minimum coverage's required by the State of Michigan	

Note 7: Combining Financial Data Schedules.

The totals in the Combining Balance Sheet and Combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Note 8: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Lincoln Park Housing Commission

31-Mar-07

MI-051

Combining Balance Sheet		Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.854	Section 8 Mod Rehab 14.856	Component Unit	Capital Projects Funds 14.872	TOTAL
Line Item #							
	ASSETS:						
	CURRENT ASSETS:						
	Cash:						
111	Cash - unrestricted	443,941	686,644	24,893	55,003		1,210,481
112	Cash - restricted - modernization and development						-
113	Cash - other restricted						-
114	Cash - tenant security deposits	31,203					31,203
100	Total cash	475,144	686,644	24,893	55,003	-	1,241,684
	Accounts and notes receivables:						
121	Accounts receivable - PHA projects						-
122	Accounts receivable - HUD other projects	-		-		-	-
124	Accounts receivable - other government						-
125	Accounts receivable - miscellaneous	2,200		-			2,200
126	Accounts receivable- tenants - dwelling rents	5,418					5,418
126.1	Allowance for doubtful accounts - dwelling rents	-					-
126.2	Allowance for doubtful accounts - other						-
127	Notes and mortgages receivable- current				-		-
128	Fraud recovery						-
128.1	Allowance for doubtful accounts - fraud						-
129	Accrued interest receivable	-	-				-
120	Total receivables, net of allowances for doubtful accounts	7,618	-	-	-	-	7,618
	Current investments						-
131	Investments - unrestricted	-	-		-		-
132	Investments - restricted				-		-
142	Prepaid expenses and other assets	18,570			-		18,570
143	Inventories	-					-
143.1	Allowance for obsolete inventories	-					-
144	Interprogram - due from	-	-	28,873			28,873
146	Amounts to be provided						-
150	TOTAL CURRENT ASSETS	501,332	686,644	53,766	55,003	-	1,296,745
	NONCURRENT ASSETS:						
	Fixed assets:						
161	Land	87,209	-	-	-		87,209
162	Buildings	5,500,204					5,500,204
163	Furniture, equipment & machinery - dwellings	73,220					73,220
164	Furniture, equipment & machinery - administration	64,211	76,663				140,874
165	Leasehold improvements	-					-
167	Construction in Progress					107,926	107,926
166	Accumulated depreciation	(4,580,813)	(57,357)				(4,638,170)
160	Total fixed assets, net of accumulated depreciation	1,144,031	19,306	-	-	107,926	1,271,263
171	Notes and mortgages receivable - non-current				-		-
172	Notes and mortgages receivable-non-current-past due						-
174	Other assets				-		-
175	Undistributed debits						-
176	Investment in joint ventures						-
180	TOTAL NONCURRENT ASSETS	1,144,031	19,306	-	-	107,926	1,271,263
190	TOTAL ASSETS	1,645,363	705,950	53,766	55,003	107,926	2,568,008

	LIABILITIES AND EQUITY:						
	LIABILITIES:						
	CURRENT LIABILITIES						
		-					
311	Bank overdraft	-					-
312	Accounts payable ≤ 90 days	5,210	763	1,598	-	-	7,571
313	Accounts payable > 90 days past due						-
321	Accrued wage/payroll taxes payable	7,453	1,509	1,509			10,471
322	Accrued compensated absences	-	-				-
324	Accrued contingency liability						-
325	Accrued interest payable						-
331	Accounts payable - HUD PHA programs		-	-			-
332	Accounts Payable - PHA Projects						-
333	Accounts payable - other government	13,295	-				13,295
341	Tenant security deposits	31,203		-	-		31,203
342	Deferred revenues	3,169			-		3,169
343	Current portion of Long-Term debt - capital projects				-		-
344	Current portion of Long-Term debt - operating borrowings						-
345	Other current liabilities	-	5,500	-	-		5,500
346	Accrued liabilities - other	17,750	-	883			18,633
347	Inter-program - due to	25,043	3,830	-		-	28,873
310	TOTAL CURRENT LIABILITIES	103,123	11,602	3,990	-	-	118,715
	NONCURRENT LIABILITIES:						
351	Long-term debt, net of current- capital projects				-		-
352	Long-term debt, net of current- operating borrowings						-
353	Noncurrent liabilities- other	-					-
354	Accrued Compensated Absences-non current	-					-
350	TOTAL NONCURRENT LIABILITIES	-	-	-	-	-	-
300	TOTAL LIABILITIES	103,123	11,602	3,990	-	-	118,715
	EQUITY:						
501	Investment in general fixed assets						-
	Contributed Capital:						
502	Project notes (HUD)						-
503	Long-term debt - HUD guaranteed						-
504	Net HUD PHA contributions	-	-				-
505	Other HUD contributions	-					-
507	Other contributions	-					-
508	Total contributed capital	-	-	-	-	-	-
508.1	Investment in Fixed Assets net of related debt	1,144,031	19,306			107,926	1,271,263
	Reserved fund balance:						
509	Reserved for operating activities						-
510	Reserved for capital activities						-
511	Total reserved fund balance	-	-	-	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-	-	-	-
512.1	Unrestricted Net Assets	398,209	675,042	49,776	55,003		1,178,030
513	TOTAL EQUITY	1,542,240	694,348	49,776	55,003	107,926	2,449,293
600	TOTAL LIABILITIES AND EQUITY	1,645,363	705,950	53,766	55,003	107,926	2,568,008

- - - - -

Lincoln Park Housing Commission

31-Mar-07

MI-051

Combing Statement of Revenue & Expenses		Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.854	Section 8 Mod Rehab 14.856	Component Unit	Capital Projects Funds 14.872	TOTAL
Line Item #							
	REVENUE:						
703	Net tenant rental revenue	297,301			-		297,301
704	Tenant revenue - other	-					-
705	Total tenant revenue	297,301	-	-	-	-	297,301
706	HUD PHA grants	168,454	2,136,932	130,977		254,426	2,690,789
708	Other government grants						-
711	Investment income - unrestricted	9,400	26,121	232	1,299		37,052
712	Mortgage interest income	-					-
714	Fraud recovery						-
715	Other revenue	65,347	10,971	-	1,125		77,443
716	Gain or loss on the sale of fixed assets	-					-
720	Investment income - restricted						-
700	TOTAL REVENUE	540,502	2,174,024	131,209	2,424	254,426	3,102,585
	EXPENSES:						
	Administrative						
911	Administrative salaries	87,188	45,517	7,173	-		139,878
912	Auditing fees	2,950	500	400	-		3,850
913	Outside management fees	47,124	43,524	5,460	-		96,108
914	Compensated absences	-	-				-
915	Employee benefit contributions- administrative	23,071	15,105	2,532	-		40,708
916	Other operating- administrative	71,223	1,450	-	-	-	72,673
	Tenant services						
921	Tenant services - salaries	-					-
922	Relocation costs						-
923	Employee benefit contributions- tenant services	-					-
924	Tenant services - other	11,914				-	11,914
	Utilities						
931	Water	27,414			-		27,414
932	Electricity	72,439			-		72,439
933	Gas	64,496					64,496
934	Fuel						-
935	Labor						-
937	Employee benefit contributions- utilities						-
938	Other utilities expense	-					-
	Ordinary maintenance & operation						
941	Ordinary maintenance and operations - labor	72,879	40,777	-			113,656
942	Ordinary maintenance and operations - materials & other	4,051			-		4,051
943	Ordinary maintenance and operations - contract costs	62,754			-		62,754
945	Employee benefit contributions- ordinary maintenance	19,654	13,438	-			33,092
	Protective services						
951	Protective services - labor						-

952	Protective services- other contract costs						-
953	Protective services - other	3,390					3,390
955	Employee benefit contributions- protective services						-
	General expenses						
961	Insurance premiums	34,296	-	-	-		34,296
962	Other General Expenses	200					200
963	Payments in lieu of taxes	29,022					29,022
964	Bad debt - tenant rents	-					-
965	Bad debt- mortgages						-
966	Bad debt - other						-
967	Interest expense				-		-
968	Severance expense						-
969	TOTAL OPERATING EXPENSES	634,065	160,311	15,565	-	-	809,941
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(93,563)	2,013,713	115,644	2,424	254,426	2,292,644
971	Extraordinary maintenance	-					-
972	Casualty losses - non-capitalized	-					-
973	Housing assistance payments		1,699,295	133,149			1,832,444
974	Depreciation expense	218,919	-	-	-		218,919
975	Fraud losses						-
976	Capital outlays- governmental funds	-					-
977	Debt principal payment- governmental funds						-
978	Dwelling units rent expense						-
900	TOTAL EXPENSES	852,984	1,859,606	148,714	-	-	2,861,304
	OTHER FINANCING SOURCES (USES)						
1001	Operating transfers in	-					-
1002	Operating transfers out	154,500				(154,500)	
1003	Operating transfers from/to primary government						
1004	Operating transfers from/to component unit						
1005	Proceeds from notes, loans and bonds						
1006	Proceeds from property sales						
1010	TOTAL OTHER FINANCING SOURCES (USES)	154,500	-	-	-	(154,500)	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TO	(157,982)	314,418	(17,505)	2,424	99,926	241,281

LINCOLN PARK HOUSING COMMISSION
 Schedule of Annual Federal Awards
 For the Year Ended March 31, 2007

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Direct Programs:

	<u>Annual Program Expenditures</u>
<u>CFDA 14.850 Public and Indian Housing</u>	
C-3175 Operating Subsidies	\$ <u>168,454</u>
* <u>CFDA 14.871 Housing Assistance Programs</u>	
C-3175V Housing Choice Vouchers	\$ <u>2,136,932</u>
<u>CFDA 14.856 Section 8 Mod Rehab</u>	
C-3175 Section 8 Mod Rehab	\$ <u>130,977</u>
<u>CFDA 14.872 Capital Projects Funds</u>	
C-3175 Capital Projects Grants	\$ <u>254,426</u>
	\$ <u>2,690,789</u>

*Connotes Major Program Category

Significant Account Policies

The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governmental proprietary funds. The financial statements contained in the Commission's annual audit report are prepared on the accrual basis of accounting; revenues are recognized when earned, expenses are recorded when the related services or product are received.

LINCOLN PARK HOUSING COMMISSION
Status of Prior Audit Findings
March 31, 2007

The prior audit of the Lincoln Park Housing Commission for the period ended March 31, 2006, did not contain any findings.

LINCOLN PARK HOUSING COMMISSION
Report on Compliance with Requirements
Applicable to Each Major Program
and on Internal Control over Compliance in
Accordance with OMB Circular A-133
March 31, 2007

Compliance

I have audited the compliance of Lincoln Park Housing Commission with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2007. Lincoln Park Housing Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln Park Housing Commission's management. My responsibility is to express an opinion on Lincoln Park Housing Commission's compliance based on my audit.

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

In my opinion, Lincoln Park Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2007.

Internal Control over Compliance

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

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

This report is intended solely for the information and use of management and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

December 15, 2007

LINCOLN PARK HOUSING COMMISSION
Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
March 31, 2007

I have audited the financial statements of Lincoln Park Housing Commission, Lincoln Park, Michigan, as of and for the year ended March 31, 2007, and have issued my report thereon dated December 15, 2007. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln Park Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. I did not note any matters relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Lincoln Park Housing Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe no reportable conditions or material weaknesses exist.

This report is intended solely for the information and use of management and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

December 15, 2007

LINCOLN PARK HOUSING COMMISSION
 Schedule of Findings and Questioned Cost
 March 31, 2007

Summary of Auditor's Results:

Programs:

	<u>Major Program</u>	<u>Non Major Program</u>
Section 8 Housing Choice Vouchers	X	
Low income Public Housing		X
Section 8 Mod Rehab		X
Capital Fund Program		X

Opinions:

General Purpose Financial Statements-
 unqualified

Material weakness(es) noted	_____ Yes	_____ X	_____ No
Reportable condition(s) noted	_____ Yes	_____ X	_____ No
Non Compliance material to financial statements noted	_____ Yes	_____ X	_____ No

Report on compliance for Federal programs-
 Unqualified

Material weakness(es) noted	_____ Yes	_____ X	_____ No
Reportable condition(s) noted	_____ Yes	_____ X	_____ No
Non Compliance material to financial statements noted	_____ Yes	_____ X	_____ No

Thresholds:

Dollar limit used to determine type A & B programs- \$ 300,000

The Auditee did qualify as a low risk auditee.