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April 2, 2014

Board of Directors
Housing Authority of the City of Muncie
409 First Street
Muncie, IN 47302

We have reviewed the audit report prepared by Velma Butler & Company, LTD, Independent Public Accountants, for the period April 1, 2008 to March 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Muncie, as of March 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**THE HOUSING AUTHORITY
OF THE CITY OF MUNCIE, INDIANA**

**INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION,
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED
MARCH 31, 2009**

THE HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA

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INDEPENDENT AUDITORS' REPORT



VELMA BUTLER & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MEMBER OF: THE AMERICAN INSTITUTE OF CPAs

THE ILLINOIS CPA SOCIETY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Muncie, Indiana
Muncie, Indiana

U.S. Department of Housing and Urban Development
Indianapolis Office
Public Housing Division
151 North Delaware
Indianapolis, Indiana 46204-2526

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Muncie, Indiana (the Authority), as of and for the year ended March 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

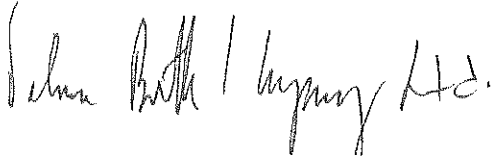
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the City of Muncie, Indiana, as of March 31, 2009, and the respective changes in financial position and cash 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 a report dated August 28, 2009, on our consideration of the Authority's internal control structure over financial reporting and our tests of 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.

In accordance with the U. S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, we have also issued our report dated August 28, 2009, on compliance with requirements applicable to each major program and internal controls over compliance. That report is an integral part of an audit performed on the expenditure of federal awards and should be considered in assessing the results of our engagement.

The management's discussion and analysis on pages 3-8, are not a required part of the basic financial statements but are 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 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 Housing Authority of Muncie, Indiana basic financial statements. The accompanying financial data schedules are presented for purposes of additional analysis and are not a required part of the financial statements. 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 basic financial statements of the Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Velma Butler & Company Ltd.", written in dark ink.

Velma Butler & Company, Ltd.
Chicago, Illinois

August 28, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



Muncie Housing Authority

409 East First Street
Muncie, Indiana 47302
<http://www.muncieha.com>

August 28, 2009

To the Board of Commissioners of the
Housing Authority of the City of Muncie, Indiana
Muncie, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Muncie, Indiana's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on March 31, 2009, with selective comparison to the financial performance for the fiscal year ended March 31, 2008. Please read it in conjunction with the Authority's financial statements, which follow this section.

We are pleased to submit the financial statements of the Housing Authority of the City of Muncie, Indiana for the year ended March 31, 2009. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general-purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information, which complies with reporting requirements of the U.S. Department of Housing and Urban Development ("HUD") and the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- Net assets decreased by \$159 thousand for \$24,669 thousand at March 31, 2008 to \$24,510 thousand at March 31, 2009. The change in net assets was less than fiscal year 2008, going from a \$1,439 thousand increase, to a \$159 thousand decrease. The change was primarily due to a change in revenues.
- Revenues decreased by \$2,102 thousand or 21.8% to \$7,549 thousand from \$9,561 thousand during 2008. HUD grants during the period decreased by \$2,067 thousand.
- Expenses decreased by \$503 thousand during the year, from \$8,211 thousand during 2008 to \$7,708 thousand during 2009. The decrease occurred mainly in administrative expenses.
- Total assets increased \$136 thousand to \$25,855 at March 31, 2009 from \$25,719 thousand at March 31, 2008.
- Fixed assets decreased by \$110 thousand from \$18,589 at March 31, 2008 to \$18,479 thousand at March 31, 2009. The decrease is the result of depreciation and less capital expenditure for the year.
- Total liabilities increased by \$295 thousand, from \$1,050 thousand at March 31, 2008 to \$1,345 thousand at March 31, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as an enterprise fund. Operations include two separate and distinct housing activities and various client service activities. The enterprise funds include the low rent housing program and the housing choice voucher program. The Low Rent Housing program is funded by income-based rents received from residents and operating subsidies from HUD.

Under the housing choice voucher program, the Authority enters into housing assistance payment contracts with eligible landlords. HUD pays housing assistance payments, which includes tenant rents and a management fee to the Authority for operating the program.

Client services are supported by a congregate housing grant, which allows the authority to provide the delivery and coordination of supportive services and other activities to help residents attain economic self-sufficiency and elderly residents with disabilities to continue to live independently.

The financial statements are presented in three sections: management's discussion and analysis (this section), the basic financial statements and supplementary information.

The management discussion and analysis section includes information on the past and future accomplishments of the Authority. It focuses on analysis of the financial statements and the improvements on the Authority's management.

The financial section provides both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to enterprise funds. *Enterprise Funds* are used to account for the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

The bottom of the Statement of Revenues, Expenses and Changes in Net Assets reports the Authority's net assets and how they have changed from the previous year. Net assets are the difference between the Authority's assets and liabilities, which is one way to measure the Authority's financial health or position.

Additionally, the Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments of 1996 and the United States Office of Management and Budget's ("OMB") "Audits of State and Local Governments" as provided in OMB Circular A-133. Information related to this single audit, including a schedule of expenditures of federal assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be issued with this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

Net assets represent the difference between total assets and total liabilities. As shown in Table 1, the Authority's net assets at March 31, 2009 were approximately \$24.5 million, a .64 percent decrease from the March 31, 2008 balance of \$24.7 million.

Total assets increased slightly by .53 percent to approximately \$25.8 million, due primarily to an increase in accrued interest receivable.

Current assets decreased by 3.8 percent, or approximately \$59 thousand. This small decrease was due principally due to a decrease in cash.

Non-current assets increased by .81 percent or approximately \$195 thousand principally due to the expenditures under the HOPE VI revitalization plan and the Capital grant program.

The decrease in net assets from the previous year occurred because less was spent on the construction of capital assets.

Total liabilities increased by \$295 thousand or about 28 percent from approximately \$1 million at March 31 2008, to \$1.3 million at March 31, 2009. The increase occurred in deferred interest income.

Table 1
Muncie Housing Authority Net Assets
(in thousand dollars)

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Total Percentage Change</u>
Current Assets	\$ 1,492	\$ 1,551	\$ (59)	-3.8%
Non-current Assets	24,363	24,168	195	0.8%
Total Assets	<u>\$ 25,855</u>	<u>\$ 25,719</u>	<u>\$ 136</u>	0.5%
Total Current Liabilities	\$ 228	\$ 334	\$ (106)	-31.7%
Total Non Current Liabilities	1,117	716	401	56.0%
Total Liabilities	<u>1,345</u>	<u>1,050</u>	<u>295</u>	28.1%
Invested in Capital Assets, Net	18,479	18,589	(110)	-0.6%
Unrestricted	6,031	5,228	803	15.4%
Restricted Net Assets		852	(852)	-100.0%
Total Net Assets	<u>24,510</u>	<u>24,669</u>	<u>(159)</u>	-0.6%
Total Liabilities and Net Assets	<u>\$ 25,855</u>	<u>\$ 25,719</u>	<u>\$ 136</u>	0.5%

Change in Net Assets

Overall net assets decreased by approximately \$159 thousand or .64 percent at March 31, 2009, reflecting a negative operating result for the year. Revenues were \$7.5 million and expenses were \$7.7.

As shown in Table 2, the Authority's total operating revenues, which included HUD Operating and Capital Grants, tenant rents, interest and other income decreased by \$2.1 million or 22 percent, while total operating expenses also decreased by \$502 thousand or 6 percent, from approximately \$8.2 million in 2008, to \$7.7 million at March 31, 2009.

Table 2
Changes in Muncie Housing Authority's Net Assets
(in thousand dollars)

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Total Percent Change</u>
Revenues	\$ 7,549	\$ 9,651	\$ (2,102)	-21.8%
Operating Expenses	6,547	7,052	(505)	-7.2%
Depreciation	1,162	1,159	3	0.3%
Total Operating Expenses	<u>7,709</u>	<u>8,211</u>	<u>(502)</u>	-6.1%
Change in Net Assets	(159)	1,439	(1,598)	-111.0%
Total Net Assets, Beginning	24,669	23,230	1,439	6.2%
Prior Period Adjustments			0	
Total Net Assets, Ending	<u>\$ 24,510</u>	<u>\$ 24,669</u>	<u>\$ (159)</u>	-0.6%

The decrease in revenue was mainly in the Hope VI program due to the fact that the program is completed.

As previously stated, operating expenses decreased by approximately 7 percent, changes are shown below in Table 3:

Table 3
Muncie Housing Authority's Operating Expense
(in thousand dollars)

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>Total Percentage Change</u>
Administrative Expenses	\$ 1,030	\$ 2,176	\$ (1,146)	-52.7%
Tenant Services	9	25	(16)	-64.0%
Utilities Expenses	332	313	19	6.1%
Ordinary Maintenance	416	552	(136)	-24.6%
General Expenses	560	174	386	221.8%
Extra Ordinary Maintenance	5	12	(7)	-58.3%
Housing Assistance Payments	4,194	3,800	394	10.4%
Depreciation Expense	1,162	1,159	3	0.3%
Total Operating Expenses	\$ <u>7,708</u>	\$ <u>8,211</u>	\$ <u>(503)</u>	-6.1%

BUDGETARY CONTROL

Budgetary control is exercised over programs through internal control methods that ensure compliance with legal provisions incorporated in annual program budgets approved by HUD and the Board of Commissioners. The activities of the Authority's enterprise fund are included in the annual budgeting process. Capital project budgets contained in the Authority's Low Rent Housing program are adopted for the length of the capital projects then annualized to strength cost monitoring and completion of timetables.

CAPITAL ASSETS

Capital assets decreased by \$110,376 from \$18,589,102 to \$18,478,726, as shown in the table below:

	<u>March 31, 2008</u>	<u>Additions and Deletions</u>	<u>March 31, 2009</u>
Land and Structures	\$ 26,461,502	\$ (6,707)	\$ 26,454,795
Equipment and Furniture	512,463		512,463
Construction in Progress	7,557,384	1,058,351	8,615,735
Less Accumulated Depreciation	(15,942,247)	(1,162,020)	(17,104,267)
Total Fixed Assets	\$ <u>18,589,102</u>	\$ <u>(110,376)</u>	\$ <u>18,478,726</u>

MAJOR INITIATIVES

For the Year: The Authority's highlights of major initiatives and discretionary policies for the year were as follows:

- The Board of Commissioners and the staff have constantly pursued the goal to always improve the public housing management (PHAS) score.
- The Authority conducted the admissions process in a manner in which all persons interested in admission to public housing were treated fairly and consistently.
- The Authority did not discriminate at any stage of the admissions process because of race, color, national origin, religion, creed, sex, age or disability.
- The Authority followed the nondiscrimination requirements of Federal, State and Local Law.
- The Authority's Admission and Occupancy Policy and Dwelling Lease have been revised to be in compliance with Quality Housing and Work Responsibility Act of 1998 and have updated or created other necessary policies.

It was the Authority's goal to acquire or build additional units and/or developments. The Muncie Housing Authority shall continue to focus its efforts on the revitalization of older and more used housing units and seek out ways to construct new affordable housing.

The resident satisfaction survey revealed that the residents feel an increased sense of security in and around their unit. The Authority's commissioners and staff will continue to seek out ways to provide better security to the residents.

The Housing Authority of the City of Muncie, in keeping with its mission and that of the U.S. Department of Housing and Urban Development, will provide safe, decent, sanitary housing in good repair to the citizens of Muncie, Indiana.

Future Initiatives. The Authority will continue to provide a choice in housing recognizing that less multi-family buildings are available. During the fiscal year, the Authority has aggressively administered the HOPE VI grant for the revitalization of Munsyana Homes. The Authority has now completed Phase I, Phase II, Phase III and is almost complete with Phase IV of the HOPE VI Millennium Project rental units. We are now preparing the close out documents for the Home ownership Phase. We are concentrating our efforts to the building of the community center at Heeking Park and the possibility of a grocery store both, which are HOPE VI non-dwelling components.

The Authority will continue to work on the steps necessary to revitalize the Parkview Apartments development. We will be preparing future documents for Demolition/Disposition and also researching funding possibilities for this revitalization effort to include the possibility of applying for a HOPE VI grant in 2010 if available. The Authority aims to be more competitive in the housing market and to work towards increasing its capacity as a developer of affordable housing.

The Authority is also starting the process of creating another entity to further its development needs. The Authority will continue to encourage its residents to become self-sufficient and thus contribute to the community to the best of their abilities.

The Authority's Strategic Goal includes the following:

- Expanding the supply of assisted housing.
- Improving the quality of assisted housing.
- Increasing assisted housing choices.
- Providing an improved living environment.
- Promoting self-sufficiency and asset development of assisted households.

- Ensuring equal opportunity and affirmatively further fair housing.
- Promote opportunities for homeownership.

It will be the Authority's continual mission to promote affordable, safe, decent, sanitary housing in good repair, economic growth opportunity and a suitable living environment free from discrimination.

Sincerely,

A handwritten signature in black ink, appearing to be "B. M.", written in a cursive style.

Executive Director

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS
MARCH 31, 2009, (WITH COMPARATIVE TOTALS FOR 2008)

EXHIBIT A

	LOW RENT	SECTION 8	CONGREGATE HOUSING	ROSS	2009 TOTAL	2008 TOTAL
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 197,545	\$ 976,390	\$ 14,001	\$	\$ 1,187,936	\$ 1,257,839
Investments	168,000				168,000	179,732
Accounts Receivable	100,122	5,494	6,128		111,744	83,407
Prepaid Expenses	12,131				12,131	12,636
Material Inventories	12,271				12,271	17,753
Total Current Assets	490,069	981,884	20,129	-	1,492,082	1,551,367
NON CURRENT ASSETS						
Capital Assets						
Land, Structures and Equipment, net	18,470,026	8,700			18,478,726	18,589,102
Notes Receivable - Long Term	4,862,442				4,862,442	4,862,442
Accrued Interest Receivable	1,021,839				1,021,839	716,360
Total Non-Current Assets	24,354,307	8,700	-	-	24,363,007	24,167,904
TOTAL ASSETS	\$ 24,844,376	\$ 990,584	\$ 20,129	\$ -	\$ 25,855,089	\$ 25,719,271
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 128,705	\$ 113	\$ 6,128	\$	\$ 134,946	\$ 119,381
Accrued Liabilities	41,744	12,676			54,420	78,416
Trust Deposits		24,794			24,794	113,571
Deferred Revenues			14,001		14,001	22,701
Total Current Liabilities	170,449	37,583	20,129	-	228,161	334,069
NONCURRENT LIABILITIES						
Deferred Interest Income	1,021,839				1,021,839	716,360
Trust Deposits - Non-Current Portion		95,668			95,668	
Total Noncurrent Liabilities	1,021,839	95,668	-	-	1,117,507	716,360
Total Liabilities	1,192,288	133,251	20,129	-	1,345,668	1,050,429
NET ASSETS						
Unrestricted Net Assets	5,182,062	848,633			6,030,695	5,234,723
Restricted Net Assets					0	845,017
Investment in Fixed Assets	18,470,026	8,700			18,478,726	18,589,102
Total Net Assets	23,652,088	857,333	-	-	24,509,421	24,668,842
TOTAL LIABILITIES AND NET ASSETS	\$ 24,844,376	\$ 990,584	\$ 20,129	\$ -	\$ 25,855,089	\$ 25,719,271

See accompanying notes to the financial statements

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - ENTERPRISE FUNDS

FOR THE YEAR ENDED MARCH 31, 2009, (WITH COMPARATIVE TOTALS FOR 2008)

EXHIBIT B

	LOW RENT	SECTION 8	CONGREGATE HOUSING	ROSS	2009 TOTAL	2008 TOTAL
OPERATING REVENUES						
Tenant Charges	\$ 413,494	\$	\$	\$	\$ 413,494	\$ 397,577
HUD Operating Grants	1,631,906	4,305,730	8,699	67,424	6,013,759	7,304,635
Other Income	48,610				48,610	36,493
TOTAL REVENUES	2,094,010	4,305,730	8,699	67,424	6,475,864	7,738,705
OPERATING EXPENSES						
Administrative Expenses	741,644	231,718		56,802	1,030,164	2,176,060
Tenant Services	583		8,699		9,282	24,820
Utilities Expenses	332,418				332,418	312,882
Ordinary Maintenance	416,171				416,171	552,359
General Expenses	440,344	108,967		10,622	559,932	173,823
Extra Ordinary Maintenance	5,288				5,288	12,365
Housing Assistance Payments		4,193,721			4,193,721	3,800,033
Depreciation Expense	1,158,086	3,934			1,162,020	1,158,937
TOTAL OPERATING EXPENSES	3,094,534	4,538,339	8,699	67,424	7,708,996	8,211,279
OPERATING INCOME (LOSS)	(1,000,524)	(232,609)	-	-	(1,233,133)	(472,574)
NON-OPERATING REVENUES AND (EXPENSES)						
Interest Income	4,160	3,929			8,089	12,419
HUD Capital Grants	1,065,620				1,065,620	1,899,143
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,069,781	3,929	-	-	1,073,710	1,911,562
CHANGES IN NET ASSETS	69,259	(228,680)	-	-	(159,421)	1,438,988
NET ASSETS AT BEGINNING OF YEAR	23,582,829	1,086,013			24,668,842	23,229,854
PRIOR PERIOD ADJUSTMENTS						
NET ASSETS AT END OF YEAR	\$ 23,652,088	\$ 857,333	\$ -	\$ -	\$ 24,509,421	\$ 24,668,842

See accompanying notes to the financial statements

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENTS OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2009, (WITH COMPARATIVE TOTALS FOR 2008)

EXHIBIT C

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 6,475,864	\$ 7,738,705
Payments to Employees	(1,410,612)	(1,552,498)
Payments to Vendors and Suppliers	(5,157,222)	(6,944,589)
Net Cash Provided by Operating Activities	(91,970)	(758,382)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments	11,732	507,226
Interest on Investments	8,090	12,419
Net Cash (Used for) Investing Activities	19,822	519,645
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Grants	1,065,620	1,899,143
Investment in Fixed Assets	(1,063,375)	(522,630)
Net Cash (Used for) Financing Activities	2,245	1,376,513
NET INCREASE IN CASH AND CASH EQUIVALENTS	(69,903)	1,137,781
CASH AND CASH EQUIVALENTS AT APRIL 1, 2008	1,257,839	119,968
CASH AND CASH EQUIVALENTS AT MARCH 31, 2009	<u>\$ 1,187,936</u>	<u>\$ 1,257,839</u>
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities		
Operating Loss	\$ (1,233,133)	\$ (472,574)
Adjustments To Reconcile:		
Depreciation	1,162,020	1,158,937
Changes in Assets and Liabilities		
(Increase)/Decrease in Investments	11,732	
(Increase)/Decrease in Accounts Receivable	(28,337)	(50,285)
(Increase)/Decrease in Prepaid Expenses	505	1,493
(Increase)/Decrease in Material Inventories	5,482	(860)
(Increase)/Decrease in Note Receivables		(1,376,510)
(Increase)/Decrease in Accrued Interest Receivables	(305,479)	(406,899)
(Increase)/Decrease in Deferred Debits		3,276
Increase/(Decrease) in Accounts Payable	15,565	(21,204)
Increase/(Decrease) in Accrued Liabilities	(23,996)	1,746
Increase/(Decrease) in Trust Deposits	6,891	21,368
Increase/(Decrease) in Deferred Revenues	(8,700)	(23,670)
Increase/(Decrease) in Deferred Interest Income	305,479	406,899
Increase/(Decrease) in Undistributed Credits		
Net Cash Provided by (Used for) Operating Activities	<u>\$ (91,970)</u>	<u>\$ (758,283)</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

None

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENT

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

Note 1 – Organization and Program Description

The Housing Authority of the City of Muncie, Indiana (the Authority) is a municipal corporation created and organized under the Housing Authority Act of the State of Indiana to engage in the acquisition, development, leasing and administration of a low-rent housing program and other federally assisted programs.

The governing body of the Authority is its Board of Commissioners (Board) composed of five members appointed by the Mayor of the City of Muncie (City). The Board appoints an Executive Director to administer the affairs of the Authority. The Authority is not considered a component unit of the City.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and to provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions (subsidies) to PHAs for the purpose of maintaining the low rent character of the local housing program.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the various program activities of the Authority. The Authority's assets, liabilities and results of operations are segregated into public housing and grant programs as follows:

Low Rent Housing - The low rent-housing program is the primary operating fund of the Authority. It provides subsidized housing to low-income residents. The Authority is the owner of approximately 361 public housing units located throughout the City. The Authority receives revenue from dwelling rental income and an operating subsidy provided by HUD. "Capital Fund Grants," provided by HUD, are used to improve the physical condition, management and operation of existing public housing developments. The low rent program is reported as an enterprise fund.

Housing Choice Voucher Program - The Authority participates in the housing choice voucher program. This program is designed to provide privately owned decent, safe and sanitary housing to low-income families. The Authority provides assistance to low-income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the programs, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The housing choice voucher program is also reported as an enterprise fund.

Congregate Housing Program - This program assist the elderly with housekeeping, transportation and personal needs. HUD provides grants for this program. This program is also reported as an enterprise fund.

Hope VI Revitalization Program - The purpose of the program is to implement public housing transformation by changing the shape of public housing, lessening the isolation of low-income families, forging partnerships and establishing strong self-sufficiency programs for residents.

Accounting Principles - The Authority applies all Government Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

A. Reporting Entity

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 1 - Organization and Program Description (continued)

These principles define the reporting entity of the primary government, as well as its component units. Component units are separate legal organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit provides a financial benefit or impose a financial burden on the primary government. There are no component units of the Authority. The accompanying financial data present the financial statement of the Authority.

The reporting entity for the Authority includes all the funds of the Authority as the primary government.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

C. Fund Accounting

The accounts of the Authority are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Account groups are reporting devices to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Authority maintains the following fund types and account groups:

Proprietary Funds - The Authority's proprietary funds are *Enterprise Funds* used to account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Enterprise Funds are used to account for the activities of the low rent and housing choice voucher programs. Under the low rent-housing program, the fund owns and operates several housing units throughout the City of Muncie, Indiana. Financing for the acquisition and rehabilitation of these properties was obtained through several HUD grants and long-term debt issues. Their operations and maintenance are funded principally through tenant rentals and federal housing assistance programs. Under the housing choice voucher program, the funds and monitors payment to privately owned housing units. Operations are funded through housing assistance payments from HUD.

Budgets - Budgets are adopted for applicable special revenue and enterprise funds on a basis consistent with accounting principles generally accepted in the United States of America. The Authority is not legally required to adopt budgets for such funds. However, the Authority has contractual requirements to adopt budgets for applicable HUD programs. All annual appropriations lapse at fiscal year-end.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 1 - Organization and Program Description (continued)

Multi year appropriations for capital projects (all capital projects are currently accounted for in proprietary funds) and special revenue funds are adopted for the length of the project and/or program and are annualized for accounting purposes. Additional information on the Authority's budgetary requirements and controls is disclosed in Note 2.

Management's 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 expenditures during the reporting period. Actual results could differ from those estimates.

Investments - Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. The Authority has estimated the fair values of its financial investments using available market information and other valuation methodologies in accordance with SFAS No. 124, *Financial Statements of Not-for-Profit Organizations*, and SFAS No. 157, *Fair Value Measurements*.

New Accounting Pronouncements - Statement of Financial Accounting Standards, No. 157, *Fair Value Measurements* ("SFAS 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements, was effective for the Authority on April 1, 2008. The requirement had no significant impact on the Authority's financial statements.

Accounts Receivable - Include amounts due from HUD for current year program operating and housing assistance subsidies earned but not received at year-end and tenant accounts receivables. These receivable may also contain un-reimbursed capital costs.

Inventories - Inventories are stated at the lower of cost or market.

Prepaid Expenditures - Payments made to vendors for services that will benefit periods beyond March 31, 2009, are recorded as prepaid items.

Fixed Assets - The Authority capitalizes fixed assets with a cost of more than \$500 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Fixed assets are stated at cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Fixed assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

Building	40 years
Office Furniture and Equipment	5 years
Automobiles	5 years

Notes Receivables - Notes receivables primarily consist of amounts due from developers of mixed income properties. All note receivable balances are reviewed to determine whether they are collectible. Allowance account estimates are established for receivable amounts when collection is questionable.

Compensated Absences - Vested or accumulated vacation and leave have been recorded in the financial statements.

Non-current Liabilities - The Authority's non-current liabilities represent deferred interest income associated with certain notes receivable for new construction.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 1 - Organization and Program Description (continued)

Net Assets – The difference between assets and liabilities is net assets. Net assets are subdivided into two categories: investment in fixed assets and unrestricted net assets. Each component of net assets is reported separately on the statement of net assets.

Investment in fixed assets represents the balance of land, structures, and equipment less accumulated depreciation.

The unrestricted component of net assets represents the portion remaining after the “investment in fixed assets” amounts have been determined. The Authority’s positive value of unrestricted net assets may be used to meet ongoing obligations.

Financial Information for 2008

The financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority’s financial statements for the year ended March 31, 2008, from which the summarized information was derived.

Concentration of Risk

During the year ended March 31, 2009, the Authority received approximately 94 percent of its funding from HUD.

Totals - Memorandum Only Columns - Total columns on the financial statements are captioned memorandum and are present only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

Note 2 - Budget Information

The Authority is required by contractual agreements to adopt annual operating budgets for all its special revenue and enterprise funds receiving federal expenditure awards. The Chief Financial Officer on a HUD basis prepares all budgets, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. Operating budgets are not prepared for capital projects, which are included in the low rent housing enterprise fund. Budgets are submitted by the Authority’s Executive Director, and approved by resolutions of the Board of Commissioners.

Enterprise Funds - Low rent housing enterprise fund operating budgets are prepared for the upcoming year by the end of the current fiscal year and are approved by the Authority’s Board of Commissioners and HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through period budgeting and reporting requirements.

Housing choice voucher program operating budgets is prepared for the upcoming fiscal year 90 days before the end of the current fiscal year and are approved by HUD. The Authority’s Board of Commissioner approves operating expenditure budgets. Budgetary control is at the fund level (excess/deficiency) of revenues over expenditures.

Budgets for the congregate housing programs are approved for the length of the individual program or grant. Appropriations are authorized at the fund and expenditure category level, and effective budgetary control is at the fund level and achieved through the programs’ or grants’ periodic budgeting and reporting requirements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2009, cash totaled \$1,187,936 and consisted of amounts maintained in commercial checking and saving accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities. Cash amounts in excess of the \$250,000 insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name.

Note 4 - Investments

At March 31, 2009, investments totaled \$168,000 which consisted of certificates of deposit. The Housing Authority's investments in are stated at fair value at year-end. To increase consistency and comparability in fair value measurements, SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three levels:

- Level 1 – unadjusted quoted prices in active markets for identical assets that the Authority has the ability to access as of the reporting date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs, such as internally developed pricing models for the asset due to little or no market activity.

Assets	Level 1	Level 2	Level 3	Total
Unrestricted Investments				
Certificate of Deposit	\$ 168,000	\$	\$	\$ 168,000
Total Unrestricted Investments	168,000	0	0	168,000
Total Investments at Fair Value	\$ 168,000	\$ 0	\$ 0	\$ 168,000

Investments are fully collateralized by government security and held in the pledging financial institution's trust department in the Authority's name.

All of the Authority's investments are valued at Level 1 inputs as shown in the chart above. The investment income for the Authority was \$4,160 and is included in the change in net assets.

Note 5 - Accounts Receivable

Accounts receivable totaled \$11,744 at March 31, 2009, and consisted of the following:

HUD	\$ 86,633
Tenants, net allowance	14,614
Accounts Receivable - Other	10,496
Total	\$ 111,744

Ninety days after tenants move out, their delinquent accounts are sent to the Board of Commissioners for write-off approval. The amount written-off is the tenants' past due rent, move-out charges and/or sewage fees deemed uncollectible. Amounts written-off during fiscal year 2009 totaled \$59,197.

Note 6 - Prepaid Expenses

Prepaid expenses totaled \$12,131 at March 31, 2009, which consisted of prepaid insurance.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 7 - Material Inventories

Material inventories totaled \$12,271 at March 31, 2009. Material inventories are stated at the lower of cost or market.

Note 8 - Land, Structures and Equipment

The changes in land, structures and equipment during the year were as follows:

	March 31, 2008	Additions and Deletions	March 31, 2009
Low Rent Housing			
Land and Structures	\$ 26,461,502	\$ (6,707)	\$ 26,454,795
Equipment	480,893		480,893
Construction in Progress	7,557,384	1,058,351	8,615,735
Less Accumulated Depreciation	<u>(15,923,311)</u>	<u>(1,158,087)</u>	<u>(17,081,398)</u>
Total Low Rent	18,576,468	(106,443)	18,470,025
Housing Choice Voucher			
Equipment	31,570		31,570
Less Accumulated Depreciation	<u>(18,936)</u>	<u>(3,934)</u>	<u>(22,870)</u>
Total Housing Choice Voucher	12,634	(3,934)	8,700
Total Fixed Assets	<u>\$ 18,589,102</u>	<u>\$ (110,377)</u>	<u>\$ 18,478,726</u>

Changes in land, structures and equipment during the audit period consisted of total capital improvement costs.

Fixed assets are recorded at cost. Depreciation is recorded over the useful lives of the assets using the straight-line method of depreciation. Depreciation expenses for 2009 totaled \$1,162,020.

Note 9 - Notes & Accrued Interest Receivable

Mixed Income Financing Construction Loans

The Authority loaned funds to developers in conjunction with a mixed income financing arrangements to build new properties. The developer agrees to designate a specific number of units for public housing throughout the Muncie, Indiana area.

Notes receivable and accrued interest receivable totaled \$4,862,442 and \$1,021,839, respectively, and are summarized as follows:

- At March 31, 2009, the Authority had loaned Millennium Place I, L.P. (an Indiana limited partnership) \$1,100,000 for 20 years at five and one-half (5.5%) percent per annum due March 13, 2023. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$423,812.
- At March 31, 2009, the Authority had loaned Millennium Place II, L.P. (an Indiana limited partnership) \$1,070,061. The loan matures in 20 years. Interest is charged at six (6.0%) percent per annum and is due at maturity on March 13, 2023. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$287,751.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 9 – Notes Receivable (continued)

- At March 31, 2009, the Authority had provided Millennium Place III, L.P. (an Indiana limited partnership) two loans in the amount of \$800,000 and \$692,381. The loans mature in 40 years. Interest is charged at 5 (5.0%) percent and one (1.0%) percent per annum and both are due at maturity on January 5, 2046. The loans were secured by a second priority mortgage lien on the real property.

Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$161,733.

- At December 6, 2006, the Authority had loaned Millennium Place IV, L.P. (an Indiana limited partnership) \$1,200,000. The loan matures in 40 years. Interest is charged at six (5.0%) percent per annum and is due at maturity on December 6, 2046. This loan was secured by a second priority mortgage lien on the real property. Interest shall be due and payable annually subject to available cash flow. All unpaid interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$148,543

Ground Lease

In March 2005, the Authority entered into a 99-year operating ground lease agreement with a developer to construct fifty-five (55) dwelling units on land owned by the Authority. The ground lease provides that the Authority shall receive \$1 per year for the entire term of the lease.

Note 10 - Accounts Payable

Accounts payable at March 31, 2009, consisted of:

Tenant Security Deposits	\$ 40,505
Accounts Payable -Vendors	89,547
Accounts Payable - Other	4,895
Total	<u>\$ 134,946</u>

Note 11 - Accrued Liabilities

Accrued liabilities at March 31, 2009, consisted of the following:

Accrued Compensated Absences	\$ 21,333
Accrued Salaries	33,087
Total	<u>\$ 54,420</u>

Note 12 - Trust Deposits

Trust deposits at March 31, 2009, totaling \$120,462 consisted of amount due under the family self-sufficiency program.

Note 13 - Deferred Revenue

Deferred revenue at March 31, 2009, totaling \$14,001 consisted of receipts in excess of expenditures for a grant program.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009 continued . . .

Note 14 - Employee Benefit Plans

The Authority participates in the Public Employees' Retirement Fund of Indiana (the Plan), which is a qualified defined contribution retirement plan administered by The State of Indiana. The Plan covers all full-time employees. The maximum contribution is 13 percent of the employee's monthly salary. Participants' benefits are fully vested after ten years of participation. Participants who retire at or after age 65 with ten years of credited service are entitled to a monthly benefit at retirement.

Pension expense for the year ended March 31, 2009 totaled \$84,637; the minimum employer contribution is 5 percent. Employees contribute 3 percent of their wages. Contributions for the year represented more than 5 percent of the payroll. The Authority's total payroll expense was \$1,410,612 for the year ended March 31, 2009. The Authority made all the required contributions to the Plan.

Note 15 - Commitments and Contingencies

Loan Commitments

The Authority has entered into financing agreements with private developers to construct new mixed income properties. The Authority has agreed to provide loans to private developers to assist in the construction of new dwelling units, of which a specific number will be designated as public housing. The total loans outstanding as of March 31, 2009 were \$4,862,442.

Operating Lease Commitments

The Authority has several operating leases for vehicles and office equipment that expire at various dates through 2009. Those leases generally contain renewal options and require the Authority to pay all executor costs such as maintenance and insurance. Total cost for said leases was \$18,034 during 2009. As of March 31, 2009, the Authority is a party of two auto leases and one copier lease through 2010. The future minimum lease payment is estimated at \$4,173.

Other Contingencies

The Authority receives financial assistance from federal governmental agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority at March 31, 2009.

The Authority also has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse affect on the financial position of the Authority at March 31, 2009.

Note 17 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Program.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 FINANCIAL DATA SCHEDULE
 FOR THE YEAR ENDED MARCH 31, 2009

Line Item	Acct. #	Account Descriptions	Cost Center	Projects	Hops VI 14,866	Congregate Housing 14,170	ROSS 14,870	Section 8 Rental Voucher 14,871	Total Authority
Assets									
Current Assets:									
Cash:									
111	111101	General Fund Cash	\$ 150,769	\$ 46,625	\$ 151	\$ 14,001	\$	\$ 976,390	\$ 1,187,936
111	111110	Modernization/Development Cash							0
114	111400	Restricted Cash							0
100		Total Cash	150,769	46,625	151	14,001	-	976,390	1,187,936
Accounts Receivable:									
121	112500	Accounts Receivable - HUD				6,128			6,128
126	112200	Accounts Receivable - Tenants		15,229					15,229
126.1	112298	Allowance for Doubtful Accounts - Tenants		(616)					(616)
	112900	Accounts Receivable - Other	5,003		80,505		5,494		91,002
129	117600	Accrued Interest Receivable	423,812		598,026				1,021,838
120		Total receivables	428,815	14,613	678,531	6,128	-	5,494	1,133,581
Investments:									
131	116200	Investments General and Security Deposits	168,000						168,000
135	116200	Investments - Restricted for Current Liabilities							0
131	116600	Family Self Sufficiency - Voucher							0
		Total Investments	168,000	-	-	-	-	-	168,000
Prepays:									
142	121100	Prepaid Insurance		12,131					12,131
143	126000	Material Inventories		12,271					12,271
		Total Prepays	-	24,402	-	-	-	-	24,402
150		Total Current Assets	747,584	83,640	678,682	20,129	-	981,884	2,513,919
Non Current Assets:									
161	140002	Land	141,674	1,275,068					1,416,742
162	140002	Building		12,750,674					12,750,674
164	147501	Furniture, Equipment and Machinery - Administration	480,893					31,570	512,463
165	140010	Leasehold Improvements		12,948,234					12,948,234
166	140005	Accumulated Depreciation	(480,893)	(16,600,504)				(22,870)	(17,104,267)
167	140009	Construction In Progress	112,359	1,201,318	6,641,205				7,954,882
		Total Fixed Assets	254,033	11,574,790	6,641,205	-	-	8,700	18,478,728
171	115800	Notes Receivable	1,100,000		3,762,442				4,862,442
180		Total Non Current Assets	1,354,033	11,574,790	10,403,647	-	-	8,700	23,341,170
190		Total Assets	\$ 2,101,617	\$ 11,660,430	\$ 11,082,329	\$ 20,129	\$ -	\$ 990,584	\$ 25,855,089
Liabilities and Net Assets									
Liabilities:									
Current Liabilities:									
312	211100	Accounts Payable - Vendors and Contractors	\$ 4,255	\$ 3,489	80,456	\$ 6,128	\$	\$ 113	\$ 94,441
341	211400	Accounts Payable - Tenant Security Deposits		40,505					40,505
345	211903	Accounts Payable - Other							-
		Total Current Liabilities	4,255	43,994	80,456	6,128	-	113	134,946
Accrued Liabilities:									
322	213400	Accrued Compensated Absences	3,123	8,444				9,766	21,333
321	213500	Accrued Salaries	8,148	22,029				2,910	33,087
		Total Accrued Liabilities	11,271	30,473	-	-	-	12,676	54,420
353	218200	Trust Deposits						120,462	120,462
Deferred Credits:									
342	229000	Deferred Revenue				14,001			14,001
342	229000	Deferred Interest Receivable	423,812		598,026				1,021,838
		Total Deferred Credits	423,812	-	598,026	14,001		-	1,035,839
		Total Non Current Liabilities	435,083	30,473	598,026	14,001		133,138	1,210,721
300		Total Liabilities	439,338	74,467	678,482	20,129		133,251	1,345,667
Net Assets:									
508.1	280500	Investment in Fixed Assets	254,033	11,574,790	6,641,205	0	- 0	8,700	18,478,728
511.1	280000	Restricted Net Assets							-
512.1	280000	Unrestricted Net Assets	1,408,246	11,173	3,762,642			848,633	6,030,694
		Total Equity	1,662,279	11,585,963	10,403,847	-	-	857,333	24,509,422
		Total Liabilities and Equity	\$ 2,101,617	\$ 11,660,430	\$ 11,082,329	\$ 20,129	\$ -	\$ 990,584	\$ 25,855,089

See accompanying notes to the financial statements

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2009

					Congregate		Section 8		Total
Line	Cost	Projects	Hope VI	Housing	ROSS	Rental Voucher			
Item Acct. # Account Descriptions	Center		14.866	14.170	14.870	14.871	Authority		
Operating Revenues									
703 3110 Dwelling Rentals	\$	\$ 368,247	\$	\$	\$	\$		\$	368,247
704 3510 Miscellaneous Tenant Charges and Excess Utilities		45,247							45,247
Total Tenant Revenue	-	413,494	-	-	-	-		-	413,494
706 8020 HUD Operating Grants	80,688	1,281,463	269,755	8,699	67,424	4,305,730			6,013,759
706.1 8029 HUD Capital Grant		223,766	841,854						1,065,620
711 3610 Interest on Investments	4,160					3,929			8,089
715 3690 Other Income	48,610								48,610
Total Operating Revenues	133,459	1,918,724	1,111,610	8,699	67,424	4,309,659			7,549,575
Operating Expenses									
911 4110 Administrative Salaries	63,001	294,003	202,409		31,873	187,261			778,547
4130 Legal Expense	25,951	70,165				1,794			97,910
915 4510- Employee Benefit Contribution		213,823	57,222		10,622	98,533			380,200
912 4170 Accounting and Auditing	5,127	13,860				12,658			31,645
916 4190 Other Operating - Administratives Expenses	13,093	43,911	10,124		24,929	30,005			122,062
Total Administrative Expenses	107,172	635,762	269,755	-	67,424	330,251			1,410,364
924 4220 Recreation, Publications and Other Services		583		8,699					9,282
Total Tenant Services	-	583	-	8,699	-	-		-	9,282
931 4310 Water	2,182	41,450							43,632
932 4320 Electricity	9,181	79,597							88,778
933 4330 Gas	8,067	107,631							115,698
938 4390 Other Utilities Expenses	1,301	83,009							84,310
Total Utilities	20,731	311,687	-	-	-	-		-	332,418
941 4410 Ordinary Maintenance and Operation - Labor		251,865							251,865
945 4510 Employee Benefit Contribution - Ordinary Maintenance									-
942 4420 Maintenance and Operations - Materials and Others		61,931							61,931
943 4430 Ordinary Maintenance and Operations - Contracts Costs		102,375							102,375
Total Ordinary Maintenance and Materials	-	416,171	-	-	-	-		-	416,171
961 4510 Insurance		105,583				877			106,460
964 4570 Bad Debts - Collection Losses		59,197							59,197
962 4590 Other General Expenses		4,519				9,556			14,075
Total General Expenses	-	169,300	-	-	-	10,433		-	179,732
971 4610 Extraordinary Maintenance - Contract Costs		5,288							5,288
973 4715 House Assistance Payments						4,193,721			4,193,721
974 5800 Depreciation Expense		1,158,086				3,934			1,162,020
Total Other	-	1,163,375	-	-	-	4,197,655		-	5,361,029
Total Operating Expenses	127,903	2,696,878	269,755	8,699	67,424	4,538,339			7,708,996
Transfers									
Net Income	\$ 5,556	\$ (778,154)	\$ 841,854	\$ -	\$ -	\$ (228,680)		\$	(159,421)

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT D

FEDERAL GRANTOR	ANNUAL CONTRIBUTION CONTRACT #	PROGRAM OR AWARD CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Programs - U S Department of Housing and Urban Development				
<u>Direct Program</u>				
<u>Low Rent Housing Program</u>				
Low Rent Housing Programs	C - 348	14.850	\$ 1,238,021	\$ 2,476,883
Revitalization of Severely Distressed Public Housing	C - 348	14.866	1,111,610	269,755
Capital Fund Program	C - 348	14.872	347,896	347,896
Total Low Rent Housing Programs			2,697,527	3,094,534
<u>Housing Assistance Payment Program</u>				
Section 8 - Housing Choice Voucher Program	C - 2025	14.871	4,305,730	4,538,339
Total Housing Assistance Program Payments			4,305,730	4,538,339
Total U S Department of Housing and Urban Development (Major Programs)			7,003,257	7,632,873
Non-Major Programs				
U S Department of Housing and Urban Development				
Resident Opportunity and Supportive Services	C - 348	14.870	67,424	67,424
Congregate Housing Grant	C - 348	14.170	8,699	8,699
Total U.S. Department of Housing and Urban Development (Non-Major Programs)			76,123	76,123
Total All Programs - U S Department of Housing and Urban Development			\$ 7,079,380	\$ 7,708,996

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Authority of the City of Muncie, Indiana and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

See accompanying notes for the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF ACTIVITIES - CONGREGATE HOUSING
 FOR THE YEAR ENDED MARCH 31, 2009, (WITH COMPARATIVE TOTALS FOR 2008)

EXHIBIT E

	2009	2008
REVENUES		
HUD Program Grants	\$ 8,699	\$ 23,670
TOTAL REVENUES	<u>8,699</u>	<u>23,670</u>
EXPENSES		
Administrative	8,699	23,670
TOTAL EXPENSES	<u>8,699</u>	<u>23,670</u>
CHANGE IN NET ASSETS	0	0
NET ASSETS AT MARCH 31, 2008	0	0
NET ASSETS AT MARCH 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA

STATEMENT OF ACTIVITIES - RESIDENT OUTREACH SUPPORTIVE SERVICES

FOR THE YEAR ENDED MARCH 31, 2009, (WITH COMPARATIVE TOTALS FOR 2008)

EXHIBIT E

	2009	2008
REVENUES		
HUD Program Grants	\$ 67,424	\$ 0
TOTAL REVENUES	<u>67,424</u>	<u>0</u>
EXPENSES		
Administrative	67,424	0
TOTAL EXPENSES	<u>67,424</u>	<u>0</u>
CHANGE IN NET ASSETS	0	0
NET ASSETS AT MARCH 31, 2008	0	0
NET ASSETS AT MARCH 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF ACTIVITIES
BUDGET AND ACTUAL - CONGREGATE HOUSING
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT F

	BUDGET	ACTUAL	VARIANCE
REVENUES			
HUD Program Grants	\$ 8,699	\$ 8,699	\$ 0
TOTAL REVENUES	<u>8,699</u>	<u>8,699</u>	<u>0</u>
EXPENSES			
Administrative	<u>8,699</u>	<u>8,699</u>	<u>0</u>
TOTAL EXPENSES	<u>8,699</u>	<u>8,699</u>	<u>0</u>
CHANGE IN NET ASSETS	0	0	0
NET ASSETS AT APRIL 1, 2008	0	0	0
NET ASSETS AT MARCH 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF ACTIVITIES
 BUDGET AND ACTUAL - RESIDENT OUTREACH SUPPORTIVE SERVICES
 FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT F

	BUDGET	ACTUAL	VARIANCE
REVENUES			
HUD Program Grants	\$ 67,424	\$ 67,424	\$ 0
TOTAL REVENUES	<u>67,424</u>	<u>67,424</u>	<u>0</u>
EXPENSES			
Administrative	<u>67,424</u>	<u>67,424</u>	<u>0</u>
TOTAL EXPENSES	<u>67,424</u>	<u>67,424</u>	<u>0</u>
CHANGE IN NET ASSETS	0	0	0
NET ASSETS AT APRIL 1, 2008	0	0	0
NET ASSETS AT MARCH 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF REVITALIZATION OF SEVERELY DISTRESSED
 PUBLIC HOUSING PROGRAM COSTS - UNCOMPLETED
 FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT G

ANNUAL CONTRIBUTION CONTRACT C - 348
 PHASES IN36URD00L102

501 01

1. The total amount of Development Costs (herein called the "Actual Development Cost") of the Revitalization of Severely Distressed Public Housing. Costs are shown below for Program Number IN36-URD00L102

Funds Approved	\$ 12,540,501
Funds Expended	<u>12,540,501</u>
Excess\ (Deficit) of Funds Approved	\$ <u>0</u>
Funds Advanced	\$ 12,459,996
Funds Expended	<u>12,540,501</u>
Excess\ (Deficit) of Funds Advanced	\$ <u>(80,505)</u>

1. The Revitalization of Severely Distressed Public Housing Program Costs are shown above.
2. Cost additions for the audit period totaled \$1,111,410 for IN 36-URD00L102, and, accordingly, were audited by Velma Butler & Company, Ltd.

See accompanying notes for the financial statements.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED
 FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT H

ANNUAL CONTRIBUTION CONTRACT C - 348 PHASES IN36PO10 - 501-04 , 501-05, 501-06, 501-07 AND 501-08
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	501-04	501-05	501-06	501-07	501-08	Total
Funds Approved	\$ 862,770	\$ 856,277	\$ 845,423	\$ 568,680	\$ 573,772	\$ 3,706,922
Funds Expended	<u>862,770</u>	<u>774,320</u>	<u>794,519</u>	<u>169,680</u>	<u>39,208</u>	<u>2,640,497</u>
Excess\ (Deficit) of Funds Approved	<u>\$ 0</u>	<u>\$ 81,957</u>	<u>\$ 50,904</u>	<u>\$ 399,000</u>	<u>\$ 534,564</u>	<u>\$ 1,066,425</u>
Funds Advanced	\$ 862,770	\$ 774,320	\$ 794,519	\$ 169,680	\$ 39,208	\$ 2,640,497
Funds Expended	<u>862,770</u>	<u>774,320</u>	<u>794,519</u>	<u>169,680</u>	<u>39,208</u>	<u>2,640,497</u>
Excess\ (Deficit) of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

- Capital Fund Program costs for Phases IN 36 - 501-04, IN 36 - 501-05, IN 36-501-06, IN 36-501-07 and IN 36-501-08 are shown above.
- Cost additions for the audit period totaled \$0 for IN 36 - 501-04, \$90,9421 for IN 36 - 501-05, \$90,325 for IN - 36 - 501-06, \$ 120,352 for IN - 36 -501-07 and, \$ 39,208 for IN - 36 -501-08, and accordingly, were audited by Velma Butler & Company Ltd.

See accompanying notes for the financial statements.

SINGLE AUDIT REPORTS



VELMA BUTLER & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MEMBER OF: THE AMERICAN INSTITUTE OF CPAs

THE ILLINOIS CPA SOCIETY

**Report on Internal Controls 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
Housing Authority of the City of Muncie, Indiana
Muncie, Indiana

U.S. Department of Housing and Urban Development
Indianapolis Office
Public Housing Division
151 North Delaware
Indianapolis, Indiana 46204-2526

We have audited the financial statements of the business-type activities of the Housing Authority of the City of Muncie, Indiana (the Authority) as of and for the year ended March 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 28, 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 the Authority'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 the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

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

Compliance and Other Matters

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

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

Velma Butler / Company Ltd.

Velma Butler & Company, Ltd.
Chicago, Illinois

August 28, 2009



VELMA BUTLER & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MEMBER OF: THE AMERICAN INSTITUTE OF CPAs

THE ILLINOIS CPA SOCIETY

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

Board of Commissioners
Housing Authority of the City of Muncie, Indiana
Muncie, Indiana

U.S. Department of Housing and Urban Development
Indianapolis Office
Public Housing Division
151 North Delaware
Indianapolis, Indiana 46204-2526

Compliance

We have audited the compliance of the Housing Authority of the City of Muncie, Indiana (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended March 31, 2009. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

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

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

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

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

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

A handwritten signature in cursive script, appearing to read "Velma Butler / Company Ltd.", written in dark ink.

Velma Butler & Company, Ltd.
Chicago, Illinois

August 28, 2009

SUMMARY OF AUDITORS' RESULTS

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED MARCH 31, 2009**

Financial Statements

The type of report issued:

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ No

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses?

☐ Yes ☒ No

Type of auditors' report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No

Identification of major program:

U.S. Department of Housing and Urban Development

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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Low Rent Rental Assistance Programs

14.850	Low Rent Housing
14.866	Revitalization of Severely Distressed Public Housing
14.872	Capital Funds Program

Housing Choice Voucher Program

14.871	Housing Choice Voucher Program
--------	--------------------------------

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2009**

Section II – Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2009.

Section III – Federal Award Findings and Questioned Costs

There were no reportable federal award findings or questioned cost for the fiscal year ended March 31, 2009.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2009**

Section IV – Summary of Prior Year Audit Findings

Finding 2008-1 Deficiencies in Tenant File Documentation – Low Rent

During our test of tenant files, we noted that for the Low Rent Program the Housing Authority did not always maintain records to adequately document its compliance with the tenant eligibility requirements. Out of 20 tenant files tested, we noted the following:

- One file did not contain a signed application,
- Three files did not contain a current HUD Form 9886, and
- Three files did not contain a waiting list letter.

HUD procedures require the Authority to maintain complete and accurate tenant files; which consist of annual recertification applications, third party verification of reported annual income, signed residential lease agreements, support for tenant rent calculations, move-in forms, residents' birth certificates, registration for housing, documentation that the tenant was on a waiting list, social security cards and state identification forms amongst other things.

Recommendation

We recommend that the Housing Authority of the City of Muncie strengthen its record documentation procedures to include all the required forms.

Current Status

Closed.

Finding 2008-2 Deficiencies in Tenant File Documentation – Section 8

During our tests of tenant files per the Section 8 Program, we noted that the Housing Authority also did not always maintain records to adequately document its compliance with the tenant eligibility requirements. Out of 20 tenant files tested, we noted the following:

- One file did not contain a waiting list letter.

Again, HUD procedures require the Authority to maintain complete and accurate tenant files; which consist of annual recertification applications, third party verification of reported annual income, signed residential lease agreements, support for tenant rent calculations, move-in forms, residents' birth certificates, registration for housing, documentation that the tenant was on a waiting list, social security cards and state identification forms amongst other things.

Recommendation

We recommend that the Housing Authority of the City of Muncie strengthen its record documentation procedures to include all the required forms.

Current Status

Closed.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2009**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM PROGRAM
FOR THE YEAR ENDED MARCH 31, 2009**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not observe any material instances of noncompliance.