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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, 2009 to March 31, 2010. 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, 2010 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, 2010**

THE HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA

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INDEPENDENT AUDITORS' REPORT



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 governmental and 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, 2010, 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.

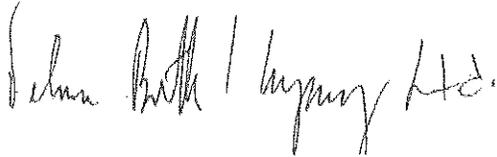
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the Housing Authority of the City of Muncie, Indiana, as of March 31, 2010, and the respective changes in financial 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 September 10, 2010, 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 September 10, 2010, 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.



Velma Butler & Company, Ltd.
Chicago, Illinois

September 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS



**409 E. First St.
Muncie, IN 47302**
www.muncieha.com

September 10, 2010

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, 2010, with selective comparison to the financial performance for the fiscal year ended March 31, 2009. 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, 2010. 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 \$1.5 million from \$24.5 million at March 31, 2009 to \$23 million at March 31, 2010.
- The change in net assets increase from a deficit of \$(159) thousand in fiscal year 2009 to a deficit of \$(865) thousand in fiscal year 2010. The change was due to lower revenues from HUD for operating grants and higher depreciation expenses.
- Revenues decreased by \$336 thousand or 4.5% to \$7.2 million from \$7.5 million during 2010. HUD grants during the period decreased by \$254 thousand.
- Expenses increased by \$307 thousand during the year, from \$7.7 million during 2009 to \$8.1 million during 2010. The increase occurred mainly in depreciation.
- Total assets decreased \$1.2 million to \$24.6 million at March 31, 2010 from \$25.8 million at March 31, 2009.
- The change occurred primarily in fixed assets. Fixed assets decreased by \$1.3 million from \$18.5 million at March 31, 2009 to \$17.2 million at March 31, 2010. This decrease was the result of higher depreciation. The Hope VI program was completed in fiscal year 2009. Depreciation began on those assets.
- Total liabilities increased by \$287 thousand, from \$1.3 million at March 31, 2009 to \$1.6 million at March 31, 2010. This increase was primarily due to deferred interest on the outstanding loans for Millennium Place.

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 and programs are supported by several grants - congregate housing, Ross and the neighborhoods network 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 government units. *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 total net assets at March 31, 2010 were approximately \$23 million, a 6.27 percent decrease from the March 31, 2009 balance of \$24.5 million.

Total assets also decreased by 4.83 percent to approximately \$24.6 million. This decrease due primarily to decreases in fixed assets and cash on hand.

The current assets portion of fixed assets decreased by 14.88 percent, or approximately \$222 thousand, principally due to a decreases in cash and cash equivalents and a slight decrease in accounts receivable.

Non-current assets decreased by 4.22 percent or approximately \$1 million. This decrease due to the depreciation of fixed assets.

The increase in deficit change net assets from the previous year occurred because mainly because the authority received less operating and capital grants from HUD. As stated previously the construction for the HOPE VI program was completed. The operating subsidies were less because of fewer units and the decrease in subsidy amounts were not offset by rents.

Total liabilities increased by \$287 thousand or about 21.34 percent from \$1.3 million at March 31 2009, to \$1.6 million at March 31, 2010. The increase occurred because of deferred interest income.

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Total Percentage Change</u>
Current Assets	\$ 1,270	\$ 1,492	\$ (222)	-14.88 %
Non-current Assets	<u>23,336</u>	<u>24,363</u>	<u>(1,027)</u>	-4.22 %
Total Assets	<u><u>24,606</u></u>	<u><u>25,855</u></u>	<u><u>(1,249)</u></u>	-4.83 %
Total Current Liabilities	227	228	\$ (1)	-0.44 %
Total Non Current Liabilities	<u>1,405</u>	<u>1,117</u>	<u>288</u>	25.78 %
Total Liabilities	<u>1,632</u>	<u>1,345</u>	<u>287</u>	21.34 %
Invested in Capital Assets, Net	17,202	18,479	(1,277)	-6.91 %
Unrestricted	5,375	5,186	189	3.64 %
Restricted Net Assets	<u>397</u>	<u>845</u>	<u>(448)</u>	-53.02 %
Total Net Assets	<u>22,974</u>	<u>24,510</u>	<u>(1,536)</u>	-6.27 %
Total Liabilities and Net Assets	<u><u>\$ 24,606</u></u>	<u><u>\$ 25,855</u></u>	<u><u>\$ (1,249)</u></u>	-4.83 %

Change in Net Assets

Overall net assets decreased by approximately \$1.5 million or 6.27 percent at March 31, 2010. Revenues were \$7.2 million and expenses were \$8.1 million.

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 \$336 thousand or 4.45 percent, while total operating expenses increased by \$370 thousand or 4.8 percent, from approximately \$7.7 million in 2009, to \$8.1 million at March 31, 2010.

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Total Percent Change</u>
Revenues	\$ <u>7,213</u>	\$ <u>7,549</u>	\$ <u>(336)</u>	-4.45%
Operating Expenses	6,567	6,547	20	0.31%
Depreciation	<u>1,512</u>	<u>1,162</u>	<u>350</u>	30.12%
Total Operating Expenses	<u>8,079</u>	<u>7,709</u>	<u>370</u>	4.80%
Change in Net Assets	(865)	(159)	(706)	444.03%
Total Net Assets, Beginning	24,509	24,669	(160)	-0.65%
Prior Period Adjustments	<u>(670)</u>		<u>(670)</u>	
Total Net Assets, Ending	<u><u>\$ 22,974</u></u>	<u><u>\$ 24,510</u></u>	<u><u>\$ (1,536)</u></u>	-6.27%

As previously stated, operating expenses increased by approximately 4.8 percent, changes are shown below in Table 3:

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

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Total Percent</u>
Administrative Expenses	\$ 1,371	\$ 1,410	\$ (39)	(2.78) %
Tenant Services	1	9	(8)	(88.10) %
Utilities Expenses	306	333	(27)	(7.96) %
Ordinary Maintenance	353	416	(63)	(15.15) %
General Expenses	192	180	12	6.67 %
Extra Ordinary Maintenance	5	5	-	- %
Housing Assistance Payments	4,339	4,194	145	3.46 %
Depreciation Expense	1,512	1,162	350	30.12 %
Total Operating Expenses	<u>\$ 8,079</u>	<u>\$ 7,709</u>	<u>\$ 370</u>	4.80 %

Increases occurred in housing assistance payments and depreciation. The increase in depreciation is due to the depreciation of assets placed in service because of the completion of the HOPE VI program, as previously discussed. Once the program is complete, the assets are placed in use and begin to accumulate depreciation. The increase in housing assistance payments also resulted in increases revenues from HUD.

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 \$1,277,014 from \$18,478,726 to \$17,201,712, as shown in the table below:

	<u>March 31, 2009</u>	<u>Additions and Deletions</u>	<u>March 31, 2010</u>
Land and Structures	\$ 27,115,649	\$ (301,113)	\$ 26,814,536
Equipment and Furniture	512,462		512,462
Construction in Progress	7,954,882	531,685	8,486,567
Less Accum. Depreciation	(17,104,267)	(1,507,586)	(18,611,854)
Total Fixed Assets	<u>\$ 18,478,726</u>	<u>\$ (1,277,014)</u>	<u>\$ 17,201,712</u>

The decreases were attributable to a correction in soft cost previously capitalized and to depreciation.

MAJOR INITIATIVES

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

- The Authority constantly pursued the goal to always improve the public housing program (PHAS) score through a more comprehensive approach to management and improvements to the physical nature of our properties.
- The Authority conducted the admissions process in a manner in which all persons interested in admission to any of its programs were treated fairly and consistently and 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.
- The Authority has successfully acquired funding sources for the revitalization of Parkview Apts. through Tax Credits and the Neighborhood Stabilization Program.
- The Authority successfully acquired the option to purchase the building named Garfield Elementary School from the Muncie School Corporation.

It is 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 housing units and seek out ways to construct new units in order to expand our portfolio to better address the needs for affordable housing.

The Authority will continue to seek out ways to enhance a healthy and safe environment for the residents through education, partnerships and identifying possible funding sources to aid in augmenting our current security measures.

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 the increase in need for affordable housing. During the fiscal year, the Authority will continue to administer the HOPE VI grant. The Authority has now completed Phase I, Phase II, Phase III and Phase IV of the HOPE VI Millennium rental units. We will be preparing the close out documents for the Homeownership Phase. We will continue our efforts to the building of a community center at Heeking Park and other HOPE VI non-dwelling components.

The Authority will submit to HUD a Demolition/Disposition application to revitalize the Parkview Apartments development. The Authority aims to be more competitive in the housing market and to work towards increasing its capacity as a developer of affordable housing through its instrumentality and will plan to develop other affordable housing and address the need to identify funding sources such as applying for tax credits.

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 affordable housing.
- Improving the quality of existing affordable housing.
- Increasing housing choices.
- Providing an improved living environment.
- Promoting self-sufficiency through an increase of access and/or creating programs.

- Ensuring equal opportunity and affirmatively furthering fair housing.
- Promote and support 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,



Chief Executive Officer

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2010 (WITH COMPARATIVE TOTALS FOR 2009)

EXHIBIT A

	LOW RENT	SECTION 8	CONGREGATE HOUSING	HOPE VI	ROSS	2010 TOTAL	2009 TOTAL
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 187,305	\$ 773,579	\$ 14,001	\$ 242	\$ 11,015	\$ 986,142	\$ 1,187,936
Investments	168,000					168,000	168,000
Accounts Receivable	19,877	5,493			65,144	90,514	111,744
Prepaid Expenses	11,704					11,704	12,131
Material Inventories	13,261					13,261	12,271
Total Current Assets	400,147	779,072	14,001	242	76,159	1,269,621	1,492,082
NON CURRENT ASSETS							
Land, Structures and Equipment, net	10,791,767			6,409,945		17,201,712	18,478,726
Notes Receivable - Long Term	1,100,000			3,762,442		4,862,442	4,862,442
Accrued Interest Receivable	507,622			764,551		1,272,173	1,021,839
Total Non-Current Assets	12,399,389	-	-	10,937,938	-	23,336,327	24,363,007
TOTAL ASSETS	\$ 12,799,536	\$ 779,072	\$ 14,001	\$ 10,937,180	\$ 76,159	\$ 24,605,948	\$ 25,855,089
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 114,492	\$ 30,029	\$ -	\$ 242	\$ -	\$ 144,763	\$ 134,946
Accrued Liabilities	48,796	11,774				60,570	54,420
Trust Deposits		20,990				20,990	24,794
Prepaid Rents	1,081					1,081	14,001
Total Current Liabilities	164,369	62,793	-	242	-	227,404	228,161
NONCURRENT LIABILITIES							
Deferred Interest Income/Revenue	507,622		14,001	764,551	76,159	1,362,333	1,021,839
Trust Deposits - Non Current Portion		42,489				42,489	95,668
Total Noncurrent Liabilities	507,622	42,489	14,001	764,551	76,159	1,404,822	1,117,507
Total Liabilities	671,991	105,282	14,001	764,793	76,159	1,632,226	1,345,668
NET ASSETS							
Unrestricted Net Assets	1,291,730	320,958	-	3,762,442	-	5,375,130	5,185,678
Restricted Net Assets	44,048	352,832	-	-	-	396,880	845,017
Investment in Fixed Assets	10,791,767	-	-	6,409,945	-	17,201,712	18,478,726
Total Net Assets	12,127,545	673,790	-	10,172,387	-	22,973,722	24,509,421
TOTAL LIABILITIES AND NET ASSETS	\$ 12,799,536	\$ 779,072	\$ 14,001	\$ 10,937,180	\$ 76,159	\$ 24,605,948	\$ 25,855,089

See Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS – ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2010 (WITH COMPARATIVE TOTALS FOR 2009)

EXHIBIT B

	LOW RENT	SECTION 8	CONGREGATE HOUSING	HOPE VI	ROSS	2010 TOTAL	2009 TOTAL
OPERATING REVENUES							
Tenant Charges	\$ 401,724	\$	\$	\$	\$	\$ 401,724	\$ 413,494
HUD Operating Grants	1,095,950	4,460,006		69,804	155,940	5,781,700	6,013,760
Other Income	144,568	68,842				213,410	48,610
TOTAL REVENUES	<u>1,642,242</u>	<u>4,528,848</u>	-	<u>69,804</u>	<u>155,940</u>	<u>6,396,834</u>	<u>6,475,864</u>
OPERATING EXPENSES							
Administrative Expenses	731,871	338,880		144,094	155,940	1,370,785	1,410,364
Tenant Services	1,071					1,071	9,282
Utilities Expenses	306,477					306,477	332,418
Ordinary Maintenance	352,965					352,965	416,171
General Expenses	167,316	24,421				191,737	179,732
Extra Ordinary Maintenance	4,536					4,536	5,286
Housing Assistance Payments		4,339,593				4,339,593	4,193,721
Depreciation Expense	1,161,521	12,633		337,366		1,511,520	1,162,020
TOTAL OPERATING EXPENSES	<u>2,725,757</u>	<u>4,715,527</u>	-	<u>481,460</u>	<u>155,940</u>	<u>8,078,684</u>	<u>7,708,994</u>
OPERATING INCOME (LOSS)	<u>(1,083,515)</u>	<u>(186,679)</u>	-	<u>(411,656)</u>	-	<u>(1,681,850)</u>	<u>(1,233,130)</u>
NON-OPERATING REVENUES AND (EXPENSES)							
Interest Income	1,326	3,136				4,462	8,089
HUD Capital Grants	631,900			180,196		812,096	1,065,620
TOTAL NON-OPERATING REV/(EXP)	<u>633,226</u>	<u>3,136</u>	-	<u>180,196</u>	-	<u>816,558</u>	<u>1,073,709</u>
CHANGES IN NET ASSETS	<u>(450,289)</u>	<u>(183,543)</u>	-	<u>(231,460)</u>	-	<u>(865,292)</u>	<u>(159,421)</u>
NET ASSETS AT BEGINNING OF YEAR	13,248,241	857,333		10,403,847		24,509,421	24,668,842
PRIOR PERIOD ADJUSTMENTS	(670,407)					(670,407)	
NET ASSETS AT END OF YEAR	<u>\$ 12,127,545</u>	<u>\$ 673,790</u>	<u>\$ -</u>	<u>\$ 10,172,387</u>	<u>\$ -</u>	<u>\$ 22,973,722</u>	<u>\$ 24,509,421</u>

See Accompanying Notes to Financial Statements

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2010 (WITH COMPARATIVE TOTALS FOR 2009)**

EXHIBIT C

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 6,394,258	\$ 6,475,864
Payments to Employees	(1,075,744)	(1,410,612)
Payments to Vendors and Suppliers	(5,527,347)	(5,157,227)
Net Cash Provided by Operating Activities	(208,833)	(91,975)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments		11,732
Interest on Investments	4,462	8,090
Net Cash (Used for) Investing Activities	4,462	19,822
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Grants	812,096	1,065,620
Investment in Fixed Assets	(812,096)	(1,063,375)
Net Cash (Used for) Financing Activities	-	2,245
NET INCREASE IN CASH AND CASH EQUIVALENTS	(204,371)	(69,903)
CASH AND CASH EQUIVALENTS AT APRIL 1, 2009	1,187,936	1,257,839
CASH AND CASH EQUIVALENTS AT MARCH 31, 2010	\$ 983,565	\$ 1,187,936
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities		
Operating Loss	\$ (1,684,426)	\$ (1,233,133)
Adjustments To Reconcile:		
Depreciation	1,511,520	1,162,020
Changes in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	21,230	(28,337)
(Increase)/Decrease in Investments		11,732
(Increase)/Decrease in Prepaid Expenses	427	501
(Increase)/Decrease in Material Inventories	(990)	5,482
(Increase)/Decrease in Note Receivables	-	-
(Increase)/Decrease in Accrued Interest Receivables	(250,334)	(305,479)
Increase/(Decrease) in Accounts Payable	(9,817)	15,565
Increase/(Decrease) in Accrued Liabilities	(26,474)	(23,996)
Increase/(Decrease) in Trust Deposits	56,983	6,891
Increase/(Decrease) in Deferred Revenue	(77,286)	(8,700)
Increase/(Decrease) in Deferred Interest Income	250,334	305,479
Net Cash Provided by (Used for) Operating Activities	\$ (208,833)	\$ (91,975)
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
None		

See Accompanying Notes to 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, 2010**

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 a special revenue fund.

Neighborhood Network Program - The purpose of the program is to assist the public housing authority carrying out HOPE VI revitalization programs promote economic self-sufficiency for its residents.

Resident Opportunities and Self Sufficiency - (ROSS) Program - The purpose of the program is to provide funding to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.

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, 2010**

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
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FOR THE YEAR ENDED MARCH 31, 2010**

Multiyear 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.

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, 2010, 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.

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.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

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 2009

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, 2009, from which the summarized information was derived.

Concentration of Risk

During the year ended March 31, 2010, the Authority received approximately 91 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, 2010**

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consist 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. At March 31, 2010, cash totaled \$986,142, of which \$589,262 is unrestricted and \$396,880 is restricted. Of the restricted cash, \$107,527 is restricted for payment of liabilities and \$289,353 is restricted for Housing Assistance Payments (HAP). Below is a breakdown of the unrestricted and restricted cash:

Unrestricted Cash	\$ 589,262
Restricted	
Tenant Security Deposits	44,048
Section 8 HAP Equity	289,353
FSS - Escrow	63,479
Total Restricted Cash	<u>396,880</u>
Total Cash	<u>\$ 986,142</u>

Note 4 - Accounts Receivable

Accounts receivable totaled \$90,514, at March 31, 2010, and consisted of the following:

HUD	\$ 847
Tenants, net allowance	2,504
Accounts Receivable - Other	6,308
Accounts Receivable - Interfund	80,855
Total	<u>\$ 90,514</u>

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 2010 totaled \$23,704.

Note 5 - Investments

At December 31, 2009, investments totaled \$168,000 which included marketable securities and money market accounts. The Housing Authority's investments in marketable securities are stated at fair value at year-end. Fair values and unrealized gain/(loss) at March 31, 2010, are summarized as follows:

Description	Category 1		
	Book Value	Market Value	Unrealized Gain/(Loss)
Certificates of Deposits	\$ 168,000	\$ 168,000	\$ -
Total	\$ 168,000	\$ 168,000	\$ -

Category 1 – Investments are insured by the Federal Depositor Insurance Corporation and are further fully collateralized by government security and held in the pledging financial institution's trust department in the Authority's name.

Note 6 - Prepaid Expenses

Prepaid expenses totaled \$11,704 at March 31, 2010, which consisted of prepaid insurance.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

Note 7 - Material Inventories

Material inventories totaled \$13,261 at March 31, 2010. 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:

	<u>March 31, 2009</u>	<u>Additions and Deletions</u>	<u>March 31, 2010</u>
Low Rent Housing			
Land and Structures	\$ 27,115,649	\$ (301,113)	\$ 26,814,536
Equipment	480,893		480,893
Construction in Progress	7,954,882	531,685	8,486,567
Less Accumulated Depreciation	<u>(17,081,397)</u>	<u>(1,498,887)</u>	<u>(18,580,284)</u>
Total Low Rent	18,470,026	(1,268,314)	17,201,712
Housing Choice Voucher			
Equipment	31,570		31,570
Less Accumulated Depreciation	<u>(22,870)</u>	<u>(8,700)</u>	<u>(31,570)</u>
Total Housing Choice Voucher	8,700	(8,700)	-
Total Fixed Assets	<u>\$ 18,478,726</u>	<u>\$ (1,277,014)</u>	<u>\$ 17,201,712</u>

Changes in fixed assets consist of equipment purchases and capital improvements made during the audit period. Also included write down of costs previously capitalized.

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 2010 totaled \$1,511,520.

The Authority spent \$631,900 on capital improvements, purchased totaling \$171,187 and wrote off assets previously capitalized totaling \$670,408.

Note 9 - Notes 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 \$1,272,173, 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 \$507,622.
- 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

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2010**

interest and unpaid principal shall be due and payable on the maturity date. Deferred interest income totaled \$210,893.

- 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 \$655,236. 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 \$200,473.

- On March 2, 2005, the Authority had loaned Millennium Place IV, 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 2025. 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 \$369,219.
- 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 \$194,859.

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, 2010, totaled \$144,763, and consisted of:

Tenant Security Deposits	\$ 44,048
Accounts Payable -Interfund	80,855
Accounts Payable - Other	<u>19,860</u>
Total	<u>\$ 144,763</u>

Note 11 - Accrued Liabilities

Accrued liabilities at March 31, 2010, totaled \$60,570, and consisted of the following:

Accrued Compensated Absences	\$ 34,806
Accrued Salaries	<u>25,764</u>
Total	<u>\$ 60,570</u>

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

Note 12 - Trust Deposits

Trust deposits at March 31, 2010, totaling \$63,479 consisted of amount due under the family self-sufficiency program, as follows:

Current	\$	20,990
Long-Term		42,489
Total	\$	<u>63,479</u>

Note 13 - Deferred Revenue

Deferred revenue at March 31, 2010, totaling \$90,160 consisted of receipts in excess of expenditures for a grant program.

Note 14 - Deferred Interest Income Receivable

Due to uncertainty created by the length of time preceding payment of interest, and due to provisions of certain notes that interest payment is contingent upon the existence of surplus cash, interest earned on notes receivable has been deferred. For the year ended March 31, 2010, the cumulative amount of such deferred interest receivable was \$1,272,173.

Note 15 - 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.

Contributions are determined by the State of Indiana. The State requests additional payments when it determines that deficiencies exist. Assets and liabilities are carried on the State of Indiana's books and records.

Pension expense payments requested by the State of Indiana, for the year ended March 31, 2010, totaled \$44,615; the minimum employer required contribution is 5 percent. Employees contribute 3 percent of their wages. Contributions for the year represented 5 percent of payroll. The Authority's total payroll expense was \$714,007 for the year ended March 31, 2010. The Authority made all the required contributions to the Plan.

Note 16 - 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, 2010 were \$4,862,442.

Operating Lease Commitments

As of March 31, 2010, the Authority is a party of two auto leases and one copier lease through 2010. The future minimum lease payments are estimated at \$4,173, and are set to expire in various dates in 2010.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010**

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, 2010.

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, 2010.

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.

Note 18 - Allocation of Cost

The Authority allocates expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

SUPPLEMENTAL INFORMATION

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010**

Line Item	Acct. #	Account Descriptions	COCC 14.850 / 14.872	Projects 14.850 / 14.872	Hope VI 14.866	Congregate Housing 14.169	ROSS 14.870	Section 8 Rental Voucher 14.871	Total Authority
Assets									
Current Assets:									
111	111101	General Fund Cash	\$ 181,178	\$ 400	\$ 242	\$ 14,001	\$ 11,015	\$ 420,747	\$ 627,583
111	111110	Modernization/Development Cash		4,891					4,891
114	111400	Restricted Cash	836	43,212				352,832	396,880
100		Total Cash	182,014	48,503	242	14,001	11,015	773,579	1,029,354
121	112500	Accounts Receivable - HUD		847					847
126	112200	Accounts Receivable - Tenants		2,947					2,947
126.1	112298	Allowance for Doubtful Accounts - Tenants		(443)					(443)
	112900	Accounts Receivable - Other	815					5,493	6,308
	112900	Accounts Receivable - Interfund	15,711				63,144		80,855
129	117600	Accrued Interest Receivable	507,622		764,551				1,272,173
120		Total receivables	524,148	3,351	764,551	-	63,144	5,493	1,362,687
131	116200	Investments General and Security Deposits	168,000						168,000
		Total Investments	168,000						168,000
142	121100	Prepaid Insurance	1,056	10,648					11,704
143	126000	Material Inventories	1,893	11,369					13,262
		Total Prepays	2,949	22,017					24,966
150		Total Current Assets	877,111	73,871	764,793	14,001	76,159	779,072	2,585,007
Non Current Assets:									
161	140002	Land	141,674	1,275,067					1,416,741
162	140002	Building		12,750,674					12,750,674
164	147501	Furniture, Equipment and Machinery - Administrator	480,893		180,196			31,570	692,659
165	140010	Leasehold Improvements		12,466,925	6,567,115				19,034,040
166	140005	Accumulated Depreciation	(480,893)	(17,762,025)	(337,366)			(31,570)	(18,611,854)
167	140009	Construction In Progress		1,919,451					1,919,451
		Total Fixed Assets	141,674	10,650,092	6,409,945	-	-	-	17,201,711
171	115800	Notes Receivable	1,100,000		3,762,442				4,862,442
180		Total Non Current Assets	1,241,674	10,650,092	10,172,387	-	-	-	22,064,153
190		Total Assets	\$ 2,118,785	\$ 10,723,963	\$ 10,937,180	\$ 14,001	\$ 76,159	\$ 779,072	\$ 24,649,160
Liabilities and Net Assets									
Liabilities:									
312	211100	Accounts Payable - Vendors and Contractors	\$	\$	\$	\$	\$	\$	\$ -
341	211400	Accounts Payable - Tenant Security Deposits	836	43,212					44,048
	211902	Accounts Payable - Interfund	65,144					15,711	80,855
345	211903	Accounts Payable - Other	2,054	3,247	242			14,318	19,861
		Total Accounts Payable	68,034	46,459	242	-	-	30,029	144,764
322	213400	Accrued Compensated Absences	8,148	17,961				8,696	34,805
321	213500	Accrued Salaries	3,123	19,563				3,078	25,764
		Total Accrued Liabilities	11,271	37,524	-	-	-	11,774	60,569
353	218200	FSS Escrow						63,479	63,479
	224000	Prepaid Rents		1,081					1,081
		Total Other Liabilities	-	1,081	-	-	-	63,479	64,560
342	229000	Deferred Revenue				14,001	76,159		90,160
342	229000	Deferred Interest Receivable	507,622		764,551				1,272,173
		Total Deferred Credits	507,622	-	764,551	14,001	76,159	-	1,362,333
300		Total Liabilities	586,927	85,064	764,793	14,001	76,159	105,282	1,632,226
Net Assets:									
508.1	280500	Investment in Fixed Assets	141,674	10,650,092	6,409,945	-	-	-	17,201,711
511.1	280000	Restricted Net Assets	836	43,212	-	-	-	352,832	396,880
512.1	280000	Unrestricted Net Assets	1,389,348	(54,405)	3,762,442	-	-	320,958	5,418,343
		Total Equity	1,531,858	10,638,899	10,172,387	-	-	673,790	23,016,934
		Total Liabilities and Equity	\$ 2,118,785	\$ 10,723,963	\$ 10,937,180	\$ 14,001	\$ 76,159	\$ 779,072	\$ 24,649,160

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010**

Line Item Acct. # Account Descriptions	COCC 14,850 / 14,872	Projects 14,850 / 14,872	Hope VI 14,866	Congregate Housing 14,169	ROSS 14,870	Section 8 Rental Voucher 14,871	Total Authority
Operating Revenues							
703 3110 Dwelling Rentals	\$	\$ 375,532	\$	\$	\$	\$	\$ 375,532
704 3510 Other Tenant Charges and Excess Utilities		26,192					26,192
Total Tenant Revenue		401,724					401,724
706 8020 HUD Operating Grants	120,329	975,621	69,804		155,940	4,460,006	5,781,700
706.1 8029 HUD Capital Grant		631,900	180,196				812,096
711 3610 Interest on Investments	1,326					3,136	4,462
714 3300.01 Family Self-Sufficiency Fortunitures							-
715 3690 Other Income	139,219	5,349				68,842	213,410
700 Total Operating Revenues	260,874	1,612,870	250,000	-	155,940	4,531,984	6,811,668
Total Revenue	\$ 260,874	\$ 2,014,594	\$ 250,000	\$ -	\$ 155,940	\$ 4,531,984	\$ 7,213,392
Operating Expenses							
911 4110 Administrative Salaries	\$ 219,919	\$ 177,116	\$ 69,804	\$	\$ 66,746	\$ 217,033	\$ 750,618
915 4510 Employee Benefit Contribution	78,763	119,540			24,954	87,760	311,017
912 4170 Accounting and Auditing	4,134	16,301				12,985	33,420
916 4190 Other Operating - Administratives Expenses	6,665	109,433	74,290		64,240	21,102	275,730
Total Administrative Expenses	309,481	422,390	144,094	-	155,940	338,880	1,370,785
924 4220 Recreation, Publications and Other Services		1,071					1,071
Total Tenant Services		1,071					1,071
931 4310 Water	1,070	40,065					41,135
932 4320 Electricity	10,938	89,256					100,194
933 4330 Gas	5,021	64,176					69,197
938 4390 Other Utilities Expenses	747	95,204					95,951
Total Utilities	17,776	288,701	-	-	-	-	306,477
941 4410 Ordinary Maintenance and Operation - Labor		204,243					204,243
945 4510 Employee Benefit Contribution - Ord. Maint.							-
942 4420 Maint. and Operations - Materials and Other		67,745					67,745
943 4430 Ord. Maint. and Operations - Contracts Costs	27	80,940					80,967
4480 Protective Services	10						10
Total Ordinary Maintenance and Materials	37	352,928	-	-	-	-	352,965
961 4510 Insurance	12,413	91,593				16,571	120,577
964 4570 Bad Debts - Collection Losses	(440)	24,180					23,740
962 4590 Other General Expenses		39,570				7,850	47,420
Total General Expenses	11,973	155,343	-	-	-	24,421	191,737
971 4610 Extraordinary Maintenance - Contract Costs	2,584	1,952					4,536
973 4715 House Assistance Payments						4,339,593	4,339,593
974 5800 Depreciation Expense		1,161,521	337,366			12,633	1,511,520
Total Other	2,584	1,163,473	337,366	-	-	4,352,226	5,855,649
900 Total Operating Expenses	341,851	2,383,906	481,460	-	155,940	4,715,527	8,078,684
Net Income	(80,977)	(369,312)	(231,460)	-	-	(183,543)	(865,292)
Prior Period Adjustments	(670,407)						(670,407)
Change In Net Assets	\$ (751,384)	\$ (369,312)	\$ (231,460)	\$ -	\$ -	\$ (183,543)	\$ (1,535,699)

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT D

FEDERAL GRANTOR	ANNUAL CONTRIBUTION CONTRACT #	PROGRAM OR AWARD CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURE
Major Programs - US Department of Housing and Urban Development				
<u>Direct Program</u>				
<u>Low Rent Housing Program</u>				
Low Rent Housing Programs	C - 348	14.850	\$ 886,789	\$ 1,884,696
Capital Fund Program	C - 348	14.872	<u>841,061</u>	<u>841,061</u>
Total Low Rent Housing Programs			1,727,850	2,725,757
<u>Housing Assistance Payment Program</u>				
Section 8 - Housing Choice Voucher Program	C - 2025	14.871	<u>4,460,006</u>	<u>4,715,527</u>
Total Housing Assistance Program Payments			4,460,006	4,715,527
Total U S Department of Housing and Urban Development (Major Programs)			<u>6,187,856</u>	<u>7,441,284</u>
Non-Major Programs				
US Department of Housing and Urban Development				
Revitalization of Severely Distressed Public Housing	C - 348	14.866	250,000	481,460
Resident Opportunities and Self Sufficiency (ROSS)	C - 348	14.870	<u>155,940</u>	<u>155,940</u>
Total U.S. Department of Housing and Urban Development (Non-Major Programs)			405,940	637,400
Total All Programs - US Department of Housing and Urban Development			<u>\$ 6,593,796</u>	<u>\$ 8,078,684</u>

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 to the Financial Statements

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF ACTIVITIES - RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
 FOR THE YEAR ENDED MARCH 31, 2010, (WITH COMPARATIVE TOTALS FOR 2009)

EXHIBIT E

	2010	2009
REVENUES		
HUD Program Grants	\$ 155,940	\$ 67,424
TOTAL REVENUES	<u>155,940</u>	<u>67,424</u>
EXPENSES		
Administrative	155,940	67,424
TOTAL EXPENSES	<u>155,940</u>	<u>67,424</u>
CHANGE IN NET ASSETS	-	-
NET ASSETS AT MARCH 31, 2009	-	-
NET ASSETS AT MARCH 31, 2010	<u>\$ -</u>	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF ACTIVITIES
 BUDGET AND ACTUAL - RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
 FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT F

	BUDGET	ACTUAL	VARIANCE
REVENUES			
HUD Program Grants	\$ 155,940	\$ 155,940	\$ -
TOTAL REVENUES	<u>155,940</u>	<u>155,940</u>	<u>-</u>
EXPENSES			
Administrative	<u>155,940</u>	<u>155,940</u>	<u>-</u>
TOTAL EXPENSES	<u>155,940</u>	<u>155,940</u>	<u>-</u>
CHANGE IN NET ASSETS	-	-	-
NET ASSETS AT APRIL 1, 2009	-	-	-
NET ASSETS AT MARCH 31, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF URBAN REVITALIZATION PROGRAM (HOPE VI)
 PUBLIC HOUSING PROGRAM COSTS - COMPLETED
 FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT G

ANNUAL CONTRIBUTION CONTRACT C - 348
 PHASES IN36URD00L103

1 The total amount of Development Costs (herein called the "Actual Development Cost") of the Urban Revitalization Program(Hope VI). Costs are shown below for Program Number IN36-URD005N103

Funds Approved	\$	250,000
Funds Expended		<u>250,000</u>
Excess\ (Deficit) of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	250,000
Funds Expended		<u>250,000</u>
Excess\ (Deficit) of Funds Advanced	\$	<u><u>-</u></u>

2 The Revitilation of Severely Distressed Public Housing Program Costs are shown above.

3 Cost additions for the audit period totaled \$250,000 for IN 36-URD00L103, and, accordingly, were audited by Velma Butler & Company, Ltd.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF REVITALIZATION OF SEVERELY DISTRESSED
 PUBLIC HOUSING PROGRAM COSTS - COMPLETED
 FOR THE YEAR ENDED MARCH 31, 2010**

EXHIBIT G

**ANNUAL CONTRIBUTION CONTRACT C - 348
 PHASES IN36URD00L102**

1 The total amount of Development Costs (herein called the "Actual Development Cost") of the Revitilation 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><u>-</u></u>
Funds Advanced	\$	12,459,996
Funds Expended		<u>12,540,501</u>
Excess\(\Deficit) of Funds Advanced	\$	<u><u>(80,505)</u></u>

2 The Revitilation of Severely Distressed Public Housing Program Costs are shown above.

3 Cost additions for the audit period totaled \$0 for IN 36-URD00L102, and, accordingly, were audited by Velma Butler & Company, Ltd.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED
 FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT H

ANNUAL CONTRIBUTION CONTRACT C - 348 PHASES IN36PO10 - 501-05 , 501-07, 501-08 AND 501-09
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	501-05	501-07	501-08	501-09	Total
Funds Approved	\$ 856,277	\$ 568,680	\$ 573,772	\$ 581,948	\$ 2,580,677
Funds Expended	<u>807,512</u>	<u>489,164</u>	<u>418,757</u>	<u>57,932</u>	<u>1,773,365</u>
Excess\(\Deficit) of Funds Approved	<u>\$ 48,765</u>	<u>\$ 79,516</u>	<u>\$ 155,015</u>	<u>\$ 524,016</u>	<u>\$ 807,312</u>
Funds Advanced	\$ 807,512	\$ 489,164	\$ 418,757	\$ 57,085	\$ 1,772,518
Funds Expended	<u>807,512</u>	<u>489,164</u>	<u>418,757</u>	<u>57,932</u>	<u>1,773,365</u>
Excess\(\Deficit) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (847)</u>	<u>\$ (847)</u>

- Capital Fund Program costs for Phases IN 36 - 501-05, IN 36 - 501-07, IN 36-501-08 and IN 36-501-09 are shown above.
- Cost additions for the audit period totaled \$33,193 for IN 36 - 501-05, \$319,483 for IN 36 - 501-07, \$379,549 for IN - 36 - 501-08 and, \$ 57,932 for IN - 36 -501-09, and accordingly, were audited by Velma Butler & Company Ltd.

HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
 STATEMENT OF CAPITAL FUND PROGRAM COSTS - UNCOMPLETED
 FOR THE YEAR ENDED MARCH 31, 2010

EXHIBIT I

ANNUAL CONTRIBUTION CONTRACT C - 348 PHASES IN36PO10 - 501-04 AND 501-06

	501-04	501-06	Total
Funds Approved	\$ 862,770	\$ 845,423	\$ 1,708,193
Funds Expended	<u>862,770</u>	<u>845,423</u>	<u>1,708,193</u>
Excess\ (Deficit) of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 862,770	\$ 845,423	\$ 1,708,193
Funds Expended	<u>862,770</u>	<u>845,423</u>	<u>1,708,193</u>
Excess\ (Deficit) of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- 1 Capital Fund Program costs for Phases IN 36 - 501-04, and IN 36-501-06 are shown above.
- 2 Cost additions for the audit period totaled \$0 for IN 36 - 501-04 and \$50,904 for IN - 36 - 501-06, and accordingly, were audited by Velma Butler & Company Ltd.

SINGLE AUDIT REPORTS



**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 governmental activities and 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, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 10, 2010. 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 for 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 Standard*.

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 that reads "Velma Butler & Company, Ltd.".

Velma Butler & Company, Ltd.
Chicago, Illinois

September 10, 2010



**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, 2010. 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, 2010.

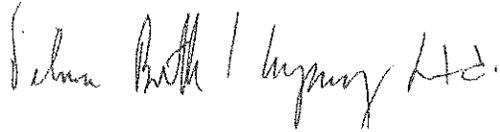
Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal controls 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness over internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization 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

September 10, 2010

SUMMARY OF AUDITORS' RESULTS

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010**

Section II – Financial Statement Findings

There were no reportable findings for the fiscal year ended March 31, 2010.

Section III – Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended March 31, 2010.

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2010**

Section IV – Summary of Prior Year Audit Findings

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

**HOUSING AUTHORITY OF THE CITY OF MUNCIE, INDIANA
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED MARCH 31, 2010**

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, 2010**

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.