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July 11, 2014

Board of Directors
Seymour Housing Authority
301-309 N. Chestnut Street
Seymour, IN 47274

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, 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 Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Seymour Housing Authority, 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 Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

HOUSING AUTHORITY OF THE CITY OF SEYMOUR

AUDITED FINANCIAL STATEMENTS

Seymour, Indiana

March 31, 2009

Jean Sickels

Certified Public Accountant

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Fredericksburg, IN 47120
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HOUSING AUTHORITY
OF THE CITY
OF SEYMOUR

SEYMOUR, INDIANA
MARCH 31, 2009

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Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Seymour
P.O. Box 822
Seymour, IN 47274

I have audited the financial statements of the Housing Authority of the City of Seymour ("the Authority") as of and for the year ended March 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

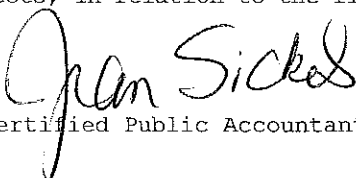
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Seymour as of March 31, 2009, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 24, 2009, on my consideration of the Housing Authority of the City of Seymour's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

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

My audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Seymour. The accompanying Schedule of Expenditures of Federal Awards as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, required by the U.S. Department of Housing and Urban Development, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Certified Public Accountant

Fredericksburg, Indiana
August 24, 2009

Housing Authority of the City of Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2009

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Financial Highlights

Assets:

As of March 31, 2009, total assets were \$85,463 as compared to \$166,110, as of March 31, 2008, a decrease of \$80,647. Current assets decreased \$79,128 and capital assets decreased \$1,519.

Liabilities:

Total liabilities decreased \$469 from \$2,417 in 2008 to \$1,948 in 2009. All of the Authority's liabilities were current liabilities.

Revenues:

In 2009, total revenue decreased \$77,988 from \$637,769 in 2008 to \$559,781. Most of the decrease was due to decreases in Section 8 Housing Choice Voucher revenues.

Expenses:

Total expenses increased \$41,060 from \$598,829 in 2008 to \$639,889 in 2009. Most of the increase was due to increases in Housing Assistance Payments (HAP) expenses.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Assets includes assets, liabilities, provides information about the nature and amounts of investments in resources (assets), and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating capital structure and assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all

Housing Authority of the City of Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2009

liabilities associated with the operation of these funds are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance of the Seymour Housing Authority for the March 31, 2009 fiscal year.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Assets. This statement measures the ability of management to meet budgets, maintain the property (meet HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered all its costs through its rental fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended March 31, 2009.

Financial Analysis

One of the most important questions asked about the Authority's finances, "Is the Housing Authority, as a whole, better or worse off as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The Housing Authority's basic financial statements are the Statement of Net Assets and the Statement of Changes in Net Assets. The Statement of Net Assets provides a summary of the Housing Authority's assets and liabilities as of the close of business on March 31, 2009. The Statement of Changes in Net Assets summarizes the revenues and sources of those revenues generated and the expenses incurred in operating the Housing Authority for the year ended March 31, 2009.

The Seymour Housing Authority has a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing. The following analysis focuses on the net assets and the change in net assets of the Housing Authority as a *whole* and not the individual programs.

Housing Authority of the City of Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2009

Assets:

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the current operating cycle.

As of March 31, 2009, current assets were \$68,884 as compared to \$148,012, as of March 31, 2008, a decrease of \$79,128. Current assets' decrease was due mainly to operating expenses exceeding revenues. The change in current assets consisted of decreases in cash/cash equivalents of \$85,270 and prepaid expenses of \$433 with increases in unrestricted investments of \$5,600 and accounts receivables (HUD receivables) of \$975.

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Capital assets decreased \$1,519 from \$18,098 in 2008 to \$16,579 in 2009 due mainly to annual depreciation expenses exceeding capital purchases.

During the year, the Authority purchased computer equipment which increased administrative equipment \$2,657.

Liabilities:

Current liabilities are current debts that are owed by the Authority and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt.

As of March 31, 2009, current liabilities were \$1,948 as compared to \$2,417, as of March 31, 2008, a decrease of \$469 which was due to decreases in vendor payables of \$454 and payroll taxes payables of \$15.

Debt:

The Authority had no long term obligations such as notes or bonds payable.

Net Assets:

At March 31, 2009, the Housing Authority had \$83,515 invested in total net assets. Of this amount, \$49,790 of unrestricted assets may be used to meet the Authority's future ongoing expenses and obligations. Restricted assets of \$17,146 were available for Section 8 Housing Choice Vouchers. The remainder of \$16,579 represents the capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.

Revenues:

HUD revenue will often vary from year to year since it is dependent on the federal budget. In 2009, Seymour Housing Authority's Housing Assistance

Housing Authority of the City of Seymour, Indiana
Management's Discussion and Analysis (MD & A)
March 31, 2009

Payments and Administrative Fees decreased \$68,729 from \$621,939 in 2008 to \$553,210.

Investment income decreased \$4,881 from \$6,654 in 2008 to \$1,773 in 2009 primarily because the Authority had fewer investments during the fiscal year.

Other income increased \$3,622 from \$1,176 in 2008 to \$4,798 in 2009 primarily because the Authority received more miscellaneous, random sources of other income in 2009 than in 2008.

In 2008, the Authority reported \$8,000 in gains on the sale of capital assets which contributed to the decrease in total revenue in 2009.

Expenses:

In 2009, administrative expenses increased \$2,919 from \$70,871 in 2008 to \$73,790 due mainly to increases in salaries and other administrative operating expenses such as office supplies, travel, telephone expenses, fees/dues, and administrative contract costs.

General expenses decreased \$306 due to decreases in insurance premiums.

Housing Assistance Payments (HAP) expenses increased \$39,788 from \$517,879 in 2008 to \$557,667 in 2009 primarily because of increases in cost per units leased.

Depreciation expenses decreased \$1,341 from \$5,517 in 2008 to \$4,176 in 2009.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The Housing Authority is affected by both federal budgetary decisions and by local economic conditions. The funding of programs could be significantly affected by the 2009 and 2010 federal budget.

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions or need further clarification regarding the financial statements, contact Jean Johnson, Executive Director, at the Housing Authority of the City of Seymour, 309 North Chestnut Street, P.O. Box 822, Seymour, IN 47274, telephone number, (812) 524-2152.

Housing Authority of the City of Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2009

Net Assets

March 31,

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$68,884	\$148,012	(\$79,128)	-53.46%
Capital Assets, Net	<u>\$16,579</u>	<u>\$18,098</u>	<u>(\$1,519)</u>	<u>-8.39%</u>
Total Assets	<u>\$85,463</u>	<u>\$166,110</u>	<u>(\$80,647)</u>	<u>-48.55%</u>
Current Liabilities	<u>\$1,948</u>	<u>\$2,417</u>	<u>(\$469)</u>	<u>-19.40%</u>
Total Liabilities	<u>\$1,948</u>	<u>\$2,417</u>	<u>(\$469)</u>	<u>-19.40%</u>
Net Assets:				
Invested in Capital Assets	\$16,579	\$18,098	(\$1,519)	-8.39%
Restricted Assets	\$17,146	\$95,678	(\$78,532)	-82.08%
Unrestricted Assets	<u>\$49,790</u>	<u>\$49,917</u>	<u>(\$127)</u>	<u>-0.25%</u>
Total Net Assets	<u>\$83,515</u>	<u>\$163,693</u>	<u>(\$80,178)</u>	<u>-48.98%</u>

Changes in Net Assets

For the Year Ended March 31,

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$553,210	\$621,939	(\$68,729)	-11.05%
Investment Income	\$1,773	\$6,654	(\$4,881)	-73.35%
Other Income	\$4,798	\$1,176	\$3,622	307.99%
Gain/Loss on Sale of Capital Assets	<u>\$0</u>	<u>\$8,000</u>	<u>(\$8,000)</u>	<u>-100.00%</u>
Total Revenue	<u>\$559,781</u>	<u>\$637,769</u>	<u>(\$77,988)</u>	<u>-12.23%</u>
Expenses:				
Administrative	\$73,790	\$70,871	\$2,919	4.12%
General Expenses	\$4,256	\$4,562	(\$306)	-6.71%
Housing Assistance Payments (HAP)	\$557,667	\$517,879	\$39,788	7.68%
Depreciation	<u>\$4,176</u>	<u>\$5,517</u>	<u>(\$1,341)</u>	<u>-24.31%</u>
Total Operating Expenses	<u>\$639,889</u>	<u>\$598,829</u>	<u>\$41,060</u>	<u>6.86%</u>
Increase (Decrease) in Net Assets	<u>(\$80,108)</u>	<u>\$38,940</u>	<u>(\$119,048)</u>	<u>-305.72%</u>

Housing Authority of the City of Seymour, Indiana
Management's Discussion and Analysis (MD & A)
March 31, 2009

Capital Assets at Year End
(Net of Accumulated Depreciation)

March 31,

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment - Admin	<u>\$36,392</u>	<u>\$33,735</u>	<u>\$2,657</u>	<u>7.88%</u>
Subtotal	<u>\$36,392</u>	<u>\$33,735</u>	<u>\$2,657</u>	<u>7.88%</u>
Accumulated Depreciation	<u>(\$19,813)</u>	<u>(\$15,637)</u>	<u>(\$4,176)</u>	<u>26.71%</u>
Net Capital Assets	<u>\$16,579</u>	<u>\$18,098</u>	<u>(\$1,519)</u>	<u>-8.39%</u>

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF NET ASSETS
MARCH 31, 2009

	Annual Contributions Contract C-2018 Section 8 Vouchers
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 47,791
Restricted cash	17,146
Accounts receivable	975
Prepaid expenses	2,972
Total Current Assets	<u>68,884</u>
Capital Assets, net	<u>16,579</u>
Total Assets	<u>85,463</u>
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accrued liabilities	1,948
Total Current Liabilities	<u>1,948</u>
<u>NET ASSETS</u>	
Invested in capital assets	16,579
Restricted	17,146
Unrestricted	49,790
Total Net Assets	<u>\$ 83,515</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

	Annual Contributions Contract C-2018 Section 8 Vouchers
<u>OPERATING REVENUES</u>	
Other income	\$ 4,798
TOTAL OPERATING REVENUE	4,798
<u>OPERATING EXPENSES</u>	
Administrative	73,790
Ordinary maintenance and operation	70
General expense	4,256
Housing assistance payments	557,667
Depreciation expense	4,176
TOTAL OPERATING EXPENSES	639,959
OPERATING INCOME (LOSS)	(635,161)
<u>NONOPERATING REVENUES</u>	
Federal grants	553,210
Investment income	1,773
TOTAL NONOPERATING REVENUES	554,983
CHANGE IN NET ASSETS	(80,178)
TOTAL NET ASSETS - BEGINNING OF YEAR	163,693
TOTAL NET ASSETS - END OF YEAR	\$ 83,515

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 3,823
Payments to vendors	(22,030)
Payments to landlords	(557,667)
Payments to employees	(56,122)
Net Cash Used by Operating Activities	<u>(631,996)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>553,210</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>553,210</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>1,773</u>
Net Cash Flows Provided by Investing Activities	<u>1,773</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>(2,657)</u>
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(2,657)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (79,670)

Cash - Beginning of year 144,607

Cash - End of year \$ 64,937

Reconciliation to Statement of Net Assets

Cash and Cash Equivalents \$ 47,791

Restricted Cash and Cash Equivalents 17,146

Total Cash and Cash Equivalents \$ 64,937

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
(CONTINUED)

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

Operating income (loss)	\$ (635,161)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation	4,176
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(975)
Prepaid expenses	433
Increase (Decrease) in:	
Accrued liabilities	(469)
Net Cash Flows Provided (Used) by Operating Activities	<u>(631,996)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - Summary of Significant Accounting Policies:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF SEYMOUR ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE CITY OF SEYMOUR is a political subdivision both corporate and politic and was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Section 8 Program (Contract No. C-2018).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Seymour, a primary government. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the HOUSING AUTHORITY OF THE CITY OF SEYMOUR include the following:

The authority had 158 units in management at March 31, 2009:

<u>Project</u>	<u>Units</u>
Vouchers	<u>158</u>

Basis of Presentation

The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB's issued on or before, November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

Generally accepted accounting principles for state and local governments require that resources be classified for accounting and reporting purposes into the following three net asset categories:

Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Restricted - Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service. The Authority has restricted funds totaling \$17,146 which represents excess HAP grant funding provided by the Department of Housing & Urban Development for the sole purpose of providing assistance payments to eligible individuals through the Housing Choice Voucher Program. The requirements imposed by HUD represent a legally enforceable requirement upon this program.

Unrestricted - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Enterprise Accounting - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle.

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board. This budget does not represent an appropriated budget that has been signed into law or a non appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of Checking and Savings accounts and Certificate of Deposit are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and non negotiable Certificates of Deposit to be cash equivalents. There were no non cash investing, non capital, capital and financing activities during the year.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Tenant Receivables - Receivables (if any) for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaids represent payments made to vendors for services that will benefit beyond March 31, 2009.

Inventories - Inventories (if any) are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. The Authority's policy is to capitalize assets costing \$250 or more.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Furniture, Equipment & Machinery	3-10 years

Compensated Absences - Compensated absences (if any) are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources as they are allowed.

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 liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

(Continued)

NOTE B - HUD Deposit Restrictions:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

- A. Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase.

At FYE, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

- B. Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

The carrying amounts of the Authority's cash deposits were \$ 64,937 at March 31, 2009. Bank balances before reconciling items were \$67,603 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

Deposits consist of the following:

Checking & Savings accounts	\$ 5,976
Money Market Accounts	<u>58,961</u>
Total	<u>\$ 64,937</u>

NOTE C - Accounts Receivable:

Accounts Receivable at March 31, 2009, consist of the following:

Accounts Receivable - HUD	<u>\$ 975</u>
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NOTE D - Prepaid Expenses:

Prepaid expenses at March 31, 2009, consist of the following:

Prepaid insurance	<u>\$ 2,972</u>
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HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 3/31/08	<u>Increases</u>	<u>Decreases</u>	Ending Balance 3/31/09
Capital Assets, being depreciated:				
Furniture, Equipment & Machinery	\$ 33,735	\$ 2,657	\$ 0	\$ 36,392
Total Capital Assets, being depreciated	33,735	2,657	0	36,392
Less Accumulated Depreciation:	(15,637)	(4,176)	0	(19,813)
Total Capital Assets, being depreciated, net	18,098	(1,519)	0	16,579
Capital Assets, Net	<u>\$ 18,098</u>	<u>\$ (1,519)</u>	<u>\$ 0</u>	<u>\$ 16,579</u>

For the year ended March 31, 2009, depreciation expense in the amount of \$4,176 was recorded.

NOTE F - Accrued liabilities:

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

Accrued wages and payroll taxes	<u>\$ 1,948</u>
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NOTE G - Federal Operating Grants:

Annual Contributions Contract C-2018

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Housing Choice Vouchers	<u>\$ 553,210</u>
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NOTE H - Commitments and Contingencies:

Litigation: At March 31, 2009, the Authority was not involved in any threatened litigation.

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended March 31, 2009.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

(Continued)

NOTE I - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management which includes public officials, workman's compensation, and auto insurance. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE J - Economic Dependency:

The Authority receives approximately 99% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
	<u>U. S. DEPARTMENT OF HUD</u>			
IN2018	Section 8 Housing Choice Voucher Program	14.871	\$ 553,210	\$ 553,210
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 553,210</u>	<u>\$ 553,210</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A.

OTHER REPORTS

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Seymour
P.O. Box 822
Seymour, IN 47274

I have audited the financial statements of the Housing Authority of the City of Seymour, as of and for the year ended March 31, 2009 and have issued my report thereon dated August 24, 2009, which included a disclaimer of opinion on Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I 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.

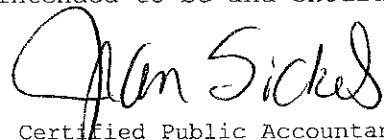
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify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

Compliance and Other Matters

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

I noted certain matters that I reported to the management of the Housing Authority of the City of Seymour in a separate letter dated August 24, 2009.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Seymour
P.O. Box 822
Seymour, IN 47274

Compliance

I have audited the compliance of the Housing Authority of the City of Seymour 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 Housing Authority of the City of Seymour'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 Housing Authority of the City of Seymour's management. My responsibility is to express an opinion on the Housing Authority of the City of Seymour's compliance based on my audit.

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

In my opinion, the Housing Authority of the City of Seymour 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

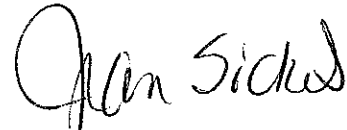
The management of the Housing Authority of the City of Seymour is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Housing Authority of the City of Seymour's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity'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 entity'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 entity's internal control.

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

My consideration of internal control over compliance 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "John Sides". The signature is written in a cursive, flowing style.

Certified Public Accountant

Fredericksburg, Indiana
August 24, 2009

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no

~ Significant Deficiency (s) identified that are not considered to be material weaknesses? yes X no

Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

~ Material weakness(es) identified? yes X no

~ Significant Deficiency(s) identified that are not considered to be material weakness(es)? yes X no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

CFDA Number

Name of Federal Program

14.871

Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

phone (812) 472-3527
fax (812) 472-3649
cell (404) 307-5903

August 24, 2009

Management and
Board of Commissioners of the
Housing Authority of the City of Seymour
Seymour, Indiana 47274

In planning and performing my audit of the financial statements of the Housing Authority of the City of Seymour as of and for the year ended March 31, 2009, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated August 24, 2009 on the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comment and suggestion with Authority personnel, and will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

My comments are summarized as follows:

1. Condition: CHARGE CARD SUPPORTING DOCUMENTATION

The Authority is not keeping complete supporting documentation for each item on the charge card bills.

Recommendation:

Receipts and other information should be attached to each charge card bill.

2. Condition: CLIENT FILES

During the review of 15 of the client files (10%) it was noted that one was missing a current lease and one was missing a 214 immigration status form.

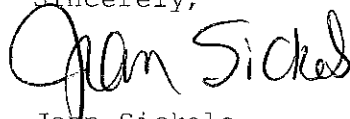
Recommendation:

The Authority should thoroughly review the client files and make sure all required documentation is present and properly executed.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Jean Sickels". The signature is written in dark ink and is positioned above the printed name and title.

Jean Sickels
Certified Public Accountant