



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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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, 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 Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Seymour Housing Authority, 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 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, 2010

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, 2010

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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 accompanying financial statements of the Housing Authority of the City of Seymour ("the Authority") as of and for the year ended March 31, 2010, which collectively comprise the Housing Authority of the City of Seymour's basic financial statements 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, 2010, and the changes in financial position and cash flows, where applicable, 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*, I have also issued my report dated July 19, 2010 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 on pages i through v, 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 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 Financial Data Schedule, Schedule of Expenditures of Federal Awards as listed in the table of contents and as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations 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.


Jean Sickels
Certified Public Accountant

Fredericksburg, Indiana
July 19, 2010

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2010

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.

The *financial highlights for the Seymour Housing Authority in 2010* included increases in total assets of \$29,105, increases in total liabilities of \$421, increases in total revenues of \$97,176, and decreases in total expenses of \$11,686.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. 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 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, 2010

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.

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format.

Housing Authority of the City of Seymour
Seymour, Indiana

Management's Discussion and Analysis (MD & A)
March 31, 2010
(Continued)

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, 2010. 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, 2010.

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.

Net Assets

March 31,

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$102,430	\$68,884	\$33,546	48.70%
Capital Assets, Net	12,138	16,579	(4,441)	-26.79%
Total Assets	114,568	85,463	29,105	34.06%
Current Liabilities	2,369	1,948	421	21.61%
Total Liabilities	2,369	1,948	421	21.61%
Net Assets:				
Invested in Capital Assets	12,138	16,579	(4,441)	-26.79%
Restricted Assets	48,559	17,146	31,413	183.21%
Unrestricted Assets	51,502	49,790	1,712	3.44%
Total Net Assets	\$112,199	\$83,515	\$28,684	34.35%

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2010

(Continued)

Capital Assets at Year-End

(Net of Accumulated Depreciation)

March 31,

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment - Admin	\$36,392	\$36,392	\$0	0.00%
Accumulated Depreciation	(\$24,254)	(\$19,813)	(\$4,441)	22.41%
Net Capital Assets	\$12,138	\$16,579	(\$4,441)	-26.79%

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, 2010, current assets were \$102,430 as compared to \$68,884, as of March 31, 2009, an increase of \$33,546. Current assets increase was due mainly to revenues exceeding expenses. The change in current assets consisted of increases in cash/cash equivalents of \$27,675, accounts receivables (HUD receivables) of \$5,652, and prepaid expenses of \$219.

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 \$4,441 from \$16,579 in 2008 to \$12,138 in 2009 due to annual depreciation expenses.

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, 2010, current liabilities were \$2,369 as compared to \$1,948, as of March 31, 2009, an increase of \$421. The change in current liabilities consisted of increases in vendor payables.

Net Assets:

As of March 31, 2010, the Housing Authority had \$112,199 invested in total net assets. Of this amount, \$51,502 of unrestricted assets may be used to meet the Authority's future ongoing expenses and obligations. Restricted assets of \$48,559 were available for Section 8 Housing Assistance Payments (HAP). The remainder of \$12,138 represents the capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.

Housing Authority of the City of Seymour
Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2010

(Continued)

Changes in Net Assets

March 31,

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$647,870	\$553,210	\$94,660	17.11%
Investment Income	\$184	\$1,773	(\$1,589)	-89.62%
Other Income	\$8,903	\$4,798	\$4,105	85.56%
Total Revenue	\$656,957	\$559,781	\$97,176	17.36%
Expenses:				
Administrative	\$76,210	\$73,790	\$2,420	3.28%
Routine Maintenance	\$0	\$70	(\$70)	-100.00%
General Expenses	\$4,376	\$4,256	\$120	2.82%
Housing Assistance Payments	\$543,246	\$557,667	(\$14,421)	-2.59%
Depreciation	\$4,441	\$4,176	\$265	6.35%
Total Operating Expenses	\$628,273	\$639,959	(\$11,686)	-1.83%
Increase (Decrease) in Net Assets	\$28,684	(\$80,178)	\$108,862	-135.78%

Revenues:

In 2010, Seymour Housing Authority's Housing Assistance Payments and Administrative Fees increased \$94,660 from \$553,210 in 2009 to \$647,870.

Investment income decreased \$1,589 from \$1,773 in 2009 to \$184 in 2010 due mainly to lower rates of returns on investments during the year.

Other income increased \$4,105 from \$4,798 in 2009 to \$8,903 in 2010 due mainly to portability fees received during the year.

Expenses:

In 2010, administrative expenses increased \$2,420 from \$73,790 in 2009 to \$76,210 due mainly to increases in administrative salaries.

Routine maintenance decreased \$70, general expenses increased \$120, and depreciation expenses increased \$265 which had minimal effects on the 2010 financial statements.

Housing Assistance Payments (HAP) expenses decreased \$14,421 from \$557,667 in 2009 to \$543,246 in 2010 primarily because the Authority assisted more residents with housing needs during the previous fiscal year.

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis (MD & A)

March 31, 2010

(Continued)

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 2010 and 2011 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 Street, Executive Director, at the Housing Authority of the City of Seymour, 309 North Chestnut Street, Seymour, IN 47274, telephone number, (812) 524-2152.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF NET ASSETS
MARCH 31, 2010

Annual
Contributions
Contract
<u>C-2018</u>
Section 8
Vouchers

ASSETS

Current Assets

Cash and cash equivalents	\$ 44,053
Restricted cash	48,559
Accounts receivable	6,627
Prepaid expenses	3,191
Total Current Assets	102,430
 Capital Assets, net	 12,138
 Total Assets	 114,568

LIABILITIES

Current Liabilities

Accounts payable	443
Accrued liabilities	1,926
Total Current Liabilities	2,369

NET ASSETS

Invested in capital assets	12,138
Restricted	48,559
Unrestricted	51,502
Total Net Assets	\$ 112,199

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, 2010

Annual
Contributions
Contract
<u>C-2018</u>
Section 8
Vouchers

OPERATING REVENUES

Other income	\$ 8,903
TOTAL OPERATING REVENUE	8,903

OPERATING EXPENSES

Administrative	76,210
General expense	4,376
Housing assistance payments	543,246
Depreciation expense	4,441
TOTAL OPERATING EXPENSES	628,273

OPERATING INCOME (LOSS)	(619,370)
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NONOPERATING REVENUES

Federal grants	647,870
Investment income	184
TOTAL NONOPERATING REVENUES	648,054

CHANGE IN NET ASSETS	28,684
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TOTAL NET ASSETS - BEGINNING OF YEAR	83,515
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TOTAL NET ASSETS - END OF YEAR	\$ 112,199
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 3,251
Payments to vendors	(20,389)
Payments to landlords	(543,246)
Payments to employees	(59,995)
Net Cash Used by Operating Activities	(620,379)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	647,870
Net Cash Flows Provided	647,870
by Noncapital Financing Activities	

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	184
Net Cash Flows Provided	184
by Investing Activities	

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	0
Net Cash Flows (Used)	0
by Capital and Related Financing Activities	

Net Increase (Decrease) in Cash and Cash Equivalents 27,675

Cash - Beginning of year 64,937

Cash - End of year \$ 92,612

Reconciliation to Statement of Net Assets

Cash and Cash Equivalents	\$ 44,053
Restricted Cash and Cash Equivalents	48,559
Total Cash and Cash Equivalents	\$ 92,612

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010
(CONTINUED)

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

Operating income (loss)	\$ (619,370)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation	4,441
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(5,652)
Prepaid expenses	(219)
Increase (Decrease) in:	
Accrued payables and liabilities	421
Net Cash Flows Provided (Used)	
by Operating Activities	<u>(620,379)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

NOTE A - Summary of Significant Accounting Policies:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF SEYMORE ("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 SEYMORE 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 SEYMORE include the following:

The authority had 158 units in management at March 31, 2010:

<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, 2010
(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 \$48,559 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 SEYMORE
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010
(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, 2010.

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 SEYMORE
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010
(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, 2010. 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	\$ 68,784
Money Market Accounts	<u>23,828</u>
Total	<u>\$ 92,612</u>

NOTE C - Accounts Receivable:

Accounts Receivable at March 31, 2010, consist of the following:

Accounts Receivable - HUD	<u>\$ 6,627</u>
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NOTE D - Prepaid Expenses:

Prepaid expenses at March 31, 2010, consist of the following:

Prepaid insurance	<u>\$ 3,191</u>
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HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 3/31/09	Increases	Decreases	Ending Balance 3/31/10
Capital Assets, being depreciated:				
Furniture, Equipment & Machinery	\$ 36,399	\$ 0	\$ 0	\$ 36,392
Total Capital Assets, being depreciated	36,392	0	0	36,392
Less Accumulated Depreciation:	(19,813)	(4,441)	0	(24,254)
Total Capital Assets, being depreciated, net	16,579	(4,441)	0	12,138
Capital Assets, Net	\$ 16,579	\$ (4,441)	\$ 0	\$ 12,138

For the year ended March 31, 2010, depreciation expense in the amount of \$4,441 was recorded.

NOTE F - Accounts payable:

Accounts payable at March 31, 2010, consist of the following:

Accounts payable - Vendors	\$ 443
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NOTE G - Accrued liabilities:

Accrued liabilities at March 31, 2010, consist of the following:

Accrued wages and payroll taxes	\$ 1,926
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NOTE H - 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	\$ 647,870
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NOTE I - Commitments and Contingencies:

Litigation: At March 31, 2010, 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, 2010.

HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010
(Continued)

NOTE I - Commitments and Contingencies: (Continued)

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.

NOTE J - 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 K - 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

Seymour Housing Authority (IN056)
Seymour, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2010

	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$44,053	\$44,053	\$44,053
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$48,559	\$48,559	\$48,559
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$92,612	\$92,612	\$92,612
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$6,627	\$6,627	\$6,627
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts -Tenants			
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,627	\$6,627	\$6,627
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$3,191	\$3,191	\$3,191
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$102,430	\$102,430	\$102,430
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$36,392	\$36,392	\$36,392
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$24,254	-\$24,254	-\$24,254
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,138	\$12,138	\$12,138
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$12,138	\$12,138	\$12,138
190 Total Assets	\$114,568	\$114,568	\$114,568
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$443	\$443	\$443

313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1,926	\$1,926	\$1,926
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits			
342 Deferred Revenues			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$2,369	\$2,369	\$2,369
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$2,369	\$2,369	\$2,369
508.1 Invested In Capital Assets, Net of Related Debt	\$12,138	\$12,138	\$12,138
509.2 Fund Balance Reserved			
511.2 Unreserved, Designated Fund Balance			
511.1 Restricted Net Assets	\$48,559	\$48,559	\$48,559
512.1 Unrestricted Net Assets	\$51,502	\$51,502	\$51,502
512.2 Unreserved, Undesignated Fund Balance			
513 Total Equity/Net Assets	\$112,199	\$112,199	\$112,199
600 Total Liabilities and Equity/Net Assets	\$114,568	\$114,568	\$114,568

Seymour Housing Authority (IN056)
Seymour, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2010

	14,871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$647,870	\$647,870	\$647,870
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$2,221	\$2,221	\$2,221
71500 Other Revenue	\$6,682	\$6,682	\$6,682
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted	\$184	\$184	\$184
70000 Total Revenue	\$656,957	\$656,957	\$656,957
91100 Administrative Salaries	\$54,965	\$54,965	\$54,965
91200 Auditing Fees	\$2,920	\$2,920	\$2,920
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$5,030	\$5,030	\$5,030
91600 Office Expenses	\$6,630	\$6,630	\$6,630
91700 Legal Expense			
91800 Travel	\$1,051	\$1,051	\$1,051
91810 Allocated Overhead			
91900 Other	\$5,614	\$5,614	\$5,614
91000 Total Operating - Administrative	\$76,210	\$76,210	\$76,210
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			

93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts			
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$0	\$0	\$0
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance	\$2,851	\$2,851	\$2,851
96130 Workmen's Compensation	\$445	\$445	\$445
96140 All Other Insurance	\$626	\$626	\$626
96100 Total insurance Premiums	\$3,922	\$3,922	\$3,922
96200 Other General Expenses	\$454	\$454	\$454
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$454	\$454	\$454
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$80,586	\$80,586	\$80,586
97000 Excess of Operating Revenue over Operating Expenses	\$576,371	\$576,371	\$576,371
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$537,159	\$537,159	\$537,159
97350 HAP Portability-In	\$6,087	\$6,087	\$6,087
97400 Depreciation Expense	\$4,441	\$4,441	\$4,441
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$628,273	\$628,273	\$628,273
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			

10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$28,684	\$28,684	\$28,684
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$83,515	\$83,515	\$83,515
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$63,223	\$63,223	\$63,223
11180 Housing Assistance Payments Equity	\$48,976	\$48,976	\$48,976
11190 Unit Months Available	1896	1896	1896
11210 Number of Unit Months Leased	1792	1792	1792
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

ANNUAL CONTRIBUTION CONTRACT	PROGRAM AND ASSISTANCE TYPE	CFDA NUMBER	AWARD	EXPENDITURES
	U. S. DEPARTMENT OF HUD			
IN2018	Section 8 Housing Choice Voucher Program	14.871	\$ 647,870	\$ 647,870
	TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 647,870	\$ 647,870

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 ("the Authority") as of and for the year ended March 31, 2010, and have issued my report thereon dated July 19, 2010, 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 Housing Authority of the City of Seymour'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 Housing Authority of the City of Seymour's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Seymour'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.

My consideration of 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. 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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the 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

Fredericksburg, Indiana
July 19, 2010

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 OMB Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2010. The Housing Authority of the City of Seymour's major federal program is 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 its major federal program for the year ended March 31, 2010.

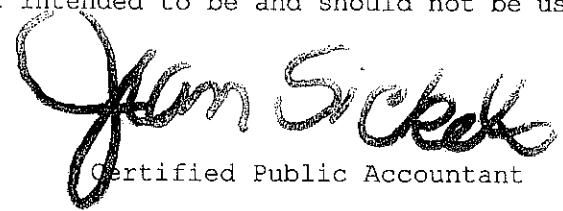
Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control 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, I do not express an opinion on the effectiveness of the Housing Authority of the City of Seymour's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in 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.

My consideration of internal control over compliance 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 compliance 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.



Jim Sickels

Certified Public Accountant

Fredericksburg, Indiana
July 19, 2010

HOUSING AUTHORITY OF THE CITY OF SEYMORE
Seymour, Indiana

MARCH 31, 2010

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

Noncompliance material to financial statements noted?

yes no

FEDERAL AWARDS

Internal control over major programs:

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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? 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, 2010

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.