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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, 2010 to March 31, 2011. 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, 2011 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, 2011

*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, 2011

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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, 2011 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.

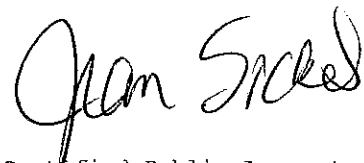
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 21, 2011 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 basic 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 required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations 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 basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Fredericksburg, Indiana  
July 21, 2011

## **Housing Authority of the City of Seymour, Indiana**

### **Management's Discussion and Analysis (MD & A)**

March 31, 2011

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.

Our discussion and analysis of the financial performance for the Seymour Housing Authority provides an overview of the financial activities for the fiscal year ended March 31, 2011. Please read the MD&A in conjunction with the Housing Authority's financial statements.

### **Financial Highlights**

- *Assets:* Total assets decreased from \$114,568 in 2010 to \$74,994 in 2011, a difference of \$39,574. Current assets decreased \$39,366 and capital assets decreased \$208.
- *Liabilities:* As of March 31, 2011, total liabilities for the Authority were \$2,757 as compared to \$2,369 as of March 31, 2010, a difference of \$388. All of the Authority's liabilities are current liabilities.
- *Revenues:* Total revenues decreased \$8,009 from \$656,957 in 2010 to \$648,948 in 2011. Federal grants and subsidy decreased \$1,699, investment income decreased \$101, and other income decreased \$6,209.
- *Expenses:* Total operating expenses increased \$60,637 from \$628,273 in 2010 to \$688,910 in 2011 due to increases in administrative expenses of \$2,462, general expenses of \$1,181, Housing Assistance Payments of \$56,977, and depreciation of \$17.

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. The focus of enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

### **Overview of the Financial Statements**

This annual report includes this 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.

## **Housing Authority of the City of Seymour, Indiana**

### **Management's Discussion and Analysis (MD & A)**

March 31, 2011

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 all assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the creditors (liabilities). It also provides the basis for evaluating the capital structure and assessing the Housing Authority's liquidity and financial flexibility.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Assets. This statement measures the success of operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

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.

### **Financial Analysis**

One of the most important questions asked about the Authority's finances: "Is the Housing Authority as a whole better off, 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 assets and liabilities as of the close of business on March 31, 2011. The Statement of Changes in Net Assets summarizes the revenues and sources of those revenues generated during the year ended March 31, 2011 and the expenses incurred in operations for the year ended March 31, 2011.

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 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, 2011

### Net Assets

March 31, 2011

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$63,064	\$102,430	(\$39,366)	-38.43%
Capital Assets, Net	\$11,930	\$12,138	(\$208)	-1.71%
<b>Total Assets</b>	<b>\$74,994</b>	<b>\$114,568</b>	<b>(\$39,574)</b>	<b>-34.54%</b>
Current Liabilities	\$2,757	\$2,369	\$388	16.38%
<b>Total Liabilities</b>	<b>\$2,757</b>	<b>\$2,369</b>	<b>\$388</b>	<b>16.38%</b>
Net Assets:				
Invested in Capital Assets	\$11,930	\$12,138	(\$208)	-1.71%
Restricted Assets	\$11,449	\$48,559	(\$37,110)	-76.42%
Unrestricted Assets	\$48,858	\$51,502	(\$2,644)	-5.13%
<b>Total Net Assets</b>	<b>\$72,237</b>	<b>\$112,199</b>	<b>(\$39,962)</b>	<b>-35.62%</b>

### Capital Assets at Year-End (Net of Accumulated Depreciation)

March 31, 2011

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment - Admin	\$40,642	\$36,392	\$4,250	11.68%
Accumulated Depreciation	(\$28,712)	(\$24,254)	(\$4,458)	18.38%
<b>Net Capital Assets</b>	<b>\$11,930</b>	<b>\$12,138</b>	<b>(\$208)</b>	<b>-1.71%</b>

#### 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, 2011, current assets were \$63,064 as compared to \$102,430, as of March 31, 2010, a decrease of \$39,366. The change in current assets consisted of decreases in cash/cash equivalents of \$55,964 and accounts receivables (HUD receivables) of \$6,627 with increases in investments of \$22,888, prepaid expenses of \$332, and accrued interest receivables of \$5.



# Housing Authority of the City of Seymour, Indiana

## Management's Discussion and Analysis (MD & A)

March 31, 2011

### Capital Assets:

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 \$208 from \$12,138 in 2010 to \$11,930 in 2011. Administrative equipment increased \$4,250 due to the purchase of a copier. Accumulated depreciation expense decreased \$4,458.

### 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, 2011, current liabilities were \$2,757 as compared to \$2,369 as of March 31, 2010, an increase of \$388. Changes in current liabilities consisted of increases in vendor payables (operating bills) of \$426 and deferred revenues (administrative fees received but not yet earned) of \$526 with decreases in payroll taxes payables of \$564.

### Net Assets:

At fiscal year-end 2011, the Housing Authority had \$72,237 invested in total net assets. Of this amount, \$48,858 of unrestricted assets may be used to meet the Authority's future ongoing expenses and obligations. Restricted assets of \$11,449 were available for Section 8 Housing Assistance Payments (HAP). The remainder of \$11,930 represents the net capital assets of furnishings and equipment.

### Changes in Net Assets For the Year Ended March 31

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% of Change</u>
<b>Revenue:</b>				
Federal Grants & Subsidy	\$646,171	\$647,870	(\$1,699)	-0.26%
Investment Income	\$83	\$184	(\$101)	-54.89%
Other Income	\$2,694	\$8,903	(\$6,209)	-69.74%
<b>Total Revenue</b>	<u>\$648,948</u>	<u>\$656,957</u>	<u>(\$8,009)</u>	<u>-1.22%</u>
<b>Expenses:</b>				
Administrative	\$78,672	\$76,210	\$2,462	3.23%
General Expenses	\$5,557	\$4,376	\$1,181	26.99%
Housing Assistance Payments	\$600,223	\$543,246	\$56,977	10.49%
Depreciation	\$4,458	\$4,441	\$17	0.38%
<b>Total Operating Expenses</b>	<u>\$688,910</u>	<u>\$628,273</u>	<u>\$60,637</u>	<u>9.65%</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(\$39,962)</u>	<u>\$28,684</u>	<u>(\$68,646)</u>	<u>-239.32%</u>

## **Housing Authority of the City of Seymour, Indiana**

### **Management's Discussion and Analysis (MD & A)**

March 31, 2011

#### **Revenues:**

In 2011, total revenue decreased \$8,009 from \$656,957 in 2010 to \$648,948 in 2011. The changes in revenue consisted of decreases in Federal Grants and Subsidy revenues of \$1,699, investment income of \$101, and other income (portability activities) of \$6,209.

#### **Expenses:**

Total operating expenses were \$688,910 in 2011 as compared to \$628,273 in 2010, an increase of \$60,637.

Administrative expenses increased \$2,462, general expenses (primarily insurance expenses) increased \$1,181, and depreciation increased \$17.

Housing Assistance Payments increased \$56,977 from \$543,246 in 2010 to \$600,233 in 2011 primarily due to increases in costs per unit leased.

#### **Debt**

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

#### **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 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 about this report or wish to request additional financial information contact Jean Johnson, Executive Director, 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, 2011

	Annual Contributions Contract C-2018 Section 8 Vouchers
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 48,087
Restricted cash	11,449
Accounts receivable	5
Prepaid expenses	3,523
Total Current Assets	<u>63,064</u>
Capital Assets, net	<u>11,930</u>
Total Assets	<u>74,994</u>
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accounts payable	869
Accrued liabilities	1,362
Deferred revenue	526
Total Current Liabilities	<u>2,757</u>
<u>NET ASSETS</u>	
Invested in capital assets	11,930
Restricted	11,449
Unrestricted	48,858
Total Net Assets	<u>\$ 72,237</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, 2011

	Annual Contributions Contract C-2018 Section 8 Vouchers
<u>OPERATING REVENUES</u>	
Other income	\$ 2,694
<b>TOTAL OPERATING REVENUE</b>	<b>2,694</b>
<u>OPERATING EXPENSES</u>	
Administrative	78,673
General expense	5,557
Housing assistance payments	600,222
Depreciation expense	4,458
<b>TOTAL OPERATING EXPENSES</b>	<b>688,910</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(686,216)</b>
<u>NONOPERATING REVENUES</u>	
Federal grants	646,171
Investment income	83
<b>TOTAL NONOPERATING REVENUES</b>	<b>646,254</b>
<b>CHANGE IN NET ASSETS</b>	<b>(39,962)</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>112,199</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 72,237</b>

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 9,316
Payments to vendors	(21,326)
Payments to landlords	(600,222)
Payments to employees	(62,848)
Net Cash Used by Operating Activities	<u>(675,080)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>646,171</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>646,171</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>83</u>
Net Cash Flows Provided by Investing Activities	<u>83</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>(4,250)</u>
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(4,250)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (33,076)

Cash - Beginning of year 92,612

Cash - End of year \$ 59,536

Reconciliation to Statement of Net Assets

Cash and Cash Equivalents \$ 48,087

Restricted Cash and Cash Equivalents 11,449

Total Cash and Cash Equivalents \$ 59,536

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMOUR  
Seymour, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2011  
(CONTINUED)

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

Operating income (loss)	\$ (686,216)
Adjustments to reconcile net operating income to net cash Provided by operating activities:	
Depreciation	4,458
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	6,622
Prepaid expenses	(332)
Increase (Decrease) in:	
Accrued payables and liabilities	388
Net Cash Flows Provided (Used)	
by Operating Activities	<u>(675,080)</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, 2011

**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, 2011:

<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, 2011

(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 \$11,449 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, 2011  
(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 - Prepays represent payments made to vendors for services that will benefit beyond March 31, 2011.

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, 2011

(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, 2011. 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	\$ 26,123
Money Market Accounts and Certificate of Deposit	<u>33,413</u>
Total	<u>\$ 59,536</u>

**NOTE C - Accounts Receivable:**

Accounts Receivable at March 31, 2011, consist of the following:

Accrued interest	<u>\$ 5</u>
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**NOTE D - Prepaid Expenses:**

Prepaid expenses at March 31, 2011, consist of the following:

Prepaid insurance	<u>\$ 3,523</u>
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HOUSING AUTHORITY OF THE CITY OF SEYMOUR  
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011  
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 3/31/10	Increases	Decreases	Ending Balance 3/31/11
Capital Assets, being depreciated:				
Furniture, Equipment & Machinery	\$ 36,399	\$ 4,243	\$ 0	\$ 40,642
Total Capital Assets, being depreciated	36,392	4,243	0	40,642
Less Accumulated Depreciation:	( 24,254)	( 4,458)	0	( 28,712)
Total Capital Assets, being depreciated, net	12,138	( 4,458)	0	11,930
Capital Assets, Net	\$ 12,138	\$ ( 215)	\$ 0	\$ 11,930

For the year ended March 31, 2011, depreciation expense in the amount of \$4,458 was recorded.

NOTE F - Accounts payable:

Accounts payable at March 31, 2011, consist of the following:

Accounts payable - Vendors	\$ 869
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NOTE G - Accrued liabilities:

Accrued liabilities at March 31, 2011, consist of the following:

Accrued wages and payroll taxes	\$ 1,362
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NOTE H - Deferred Revenue:

Deferred Revenue at March 31, 2011, consists of the following:

HUD	\$ 526
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NOTE I - 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	\$ 646,171
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HOUSING AUTHORITY OF THE CITY OF SEYMOUR  
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2011

(Continued)

**NOTE J - Commitments and Contingencies:**

Litigation: At March 31, 2011, 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, 2011.

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 K - 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 L - 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, 2011

<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	\$ 646,171	\$ 646,171
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 646,171</u>	<u>\$ 646,171</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 ("the Authority") as of and for the year ended March 31, 2011, and have issued my report thereon dated July 21, 2011, 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.

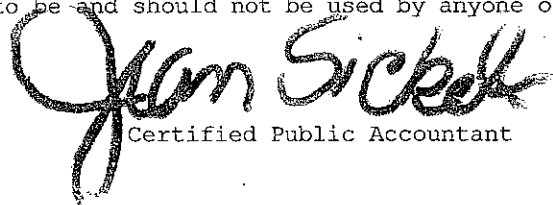
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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 provision 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 21, 2011

# Jean Sickels

## Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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 its major federal program for the year ended March 31, 2011. 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 Housing Authority of the City of Seymour's management. My responsibility is to express an opinion on 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 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 Housing Authority of the City of Seymour's compliance with those requirements.

In my opinion, 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 programs for the year ended March 31, 2011. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01.

### Internal Control Over Compliance

Management of 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 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 Housing Authority of the City of Seymour's internal control over compliance.

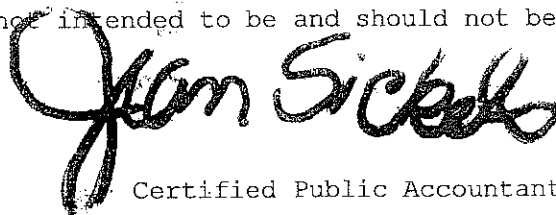
Internal Control Over Compliance (Continued)

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 a 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 deficiencies, 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. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Housing Authority of the City of Seymour's responses to the finding identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. I did not audit Housing Authority of the City of Seymour's responses and, accordingly, I express no opinion on the responses.

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 "Jan Sicks", is written over the printed name and title.

Certified Public Accountant

Fredericksburg, Indiana  
July 21, 2011

HOUSING AUTHORITY OF THE CITY OF SEYMOUR  
Seymour, Indiana

MARCH 31, 2011

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)?   X  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?   X  yes       no

Identification of major programs:

CFDA Number

14.871

Name of Federal Program

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

HOUSING AUTHORITY OF THE CITY OF SEYMOUR  
Seymour, Indiana

MARCH 31, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2010-01	CURRENT CONDITION:	<u>SEMAP NOT FILED:</u>  The Authority did not file the SEMAP form.
	CFDA#:	14.871
	CRITERIA:	The form is required to be filed within 60 days of the year end.
	CAUSE/EFFECT:	The lack of a timely submission has caused the Authority to be in troubled status.
	RECOMMENDATION:	The Authority should consider more cross training or using another individual to ensure that required tasks are completed.
	REPLY:	The Seymour Housing Authority will collect information for the required tables for SEMAP on a monthly basis. The Seymour Housing Authority will file SEMAP by 05/31/2012 and will also train another employee to file SEMAP in the absences of the Executive Director. The corrective action will begin effective July 22, 2011 and will continue through FYE 03/31/2012.
	DISCUSSED WITH:	Jean Johnson 7/21/2011