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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, 2011 to March 31, 2012. 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, 2012 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, 2012

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
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HOUSING AUTHORITY
OF THE CITY
OF SEYMOUR

SEYMOUR, INDIANA
MARCH 31, 2012

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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, 2012 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, 2012, 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 August 22, 2012 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
August 22, 2012

Housing Authority of the City of Seymour

Management's Discussion and Analysis (MD&A)

March 31, 2012

Management's Discussion and Analysis (MD&A) is an element of the new 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 Housing Authority of the City of Seymour provides an overview of the financial activities for the fiscal year ended March 31, 2012. Please read the MD&A in conjunction with the Housing Authority's financial statements.

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.

Financial Highlights

Assets:

As of March 31, 2012, total assets were \$81,423 as compared to \$74,994, as of March 31, 2011, an increase of \$6,429. Current assets increased \$11,406 while capital assets decreased \$4,977.

Liabilities:

Total liabilities increased \$7,941 due to increases in current liabilities. All of the Authority's liabilities were current liabilities which will become due and payable during the 2013 fiscal year.

Revenues:

In 2012, total revenue increased \$25,933, as compared to 2011, due to increases in Federal Grants and Subsidy revenue.

Expenses:

Total expenses decreased \$12,517 due to decreases in Housing Assistance Payments (HAP) and general expenses.

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. It also contains 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

Housing Authority of the City of Seymour

Management's Discussion and Analysis (MD&A)

March 31, 2012

(Continued)

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

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.

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.

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, 2012. 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, 2012.

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

Housing Authority of the City of Seymour

Management's Discussion and Analysis (MD&A)

March 31, 2012

(Continued)

Net Assets

March 31,

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$74,470	\$63,064	\$11,406	18.09%
Capital Assets, Net	<u>6,953</u>	<u>11,930</u>	<u>(4,977)</u>	<u>-41.72%</u>
Total Assets	<u>\$81,423</u>	<u>\$74,994</u>	<u>\$6,429</u>	<u>8.57%</u>
Current Liabilities	<u>\$10,698</u>	<u>\$2,757</u>	<u>\$7,941</u>	<u>288.03%</u>
Total Liabilities	<u>\$10,698</u>	<u>\$2,757</u>	<u>\$7,941</u>	<u>288.03%</u>
Net Assets:				
Invested in Capital Assets	\$6,954	\$11,930	(\$4,976)	-41.71%
Restricted Assets	39,865	11,449	28,416	248.20%
Unrestricted Assets	<u>23,906</u>	<u>48,858</u>	<u>(24,952)</u>	<u>-51.07%</u>
Total Net Assets	<u>\$70,725</u>	<u>\$72,237</u>	<u>(\$1,512)</u>	<u>-2.09%</u>

Capital Assets at Year-End

(Net of Accumulated Depreciation)

March 31,

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment - Admin	\$38,182	\$40,642	(\$2,460)	-6.05%
Accumulated Depreciation	<u>(31,229)</u>	<u>(28,712)</u>	<u>(2,517)</u>	<u>8.77%</u>
Net Capital Assets	<u>\$6,953</u>	<u>\$11,930</u>	<u>(\$4,977)</u>	<u>2.71%</u>

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, 2012, current assets were \$74,470 as compared to \$63,064, as of March 31, 2011, an increase of \$11,406. Current assets' increase was due mainly to positive cash flow (revenue exceeding expenses, net of depreciation expense). The change consisted of increases in investments of \$30,236 and accounts receivables of \$304 with decreases in cash/cash equivalents of \$15,864 and prepaid expenses (insurance) of \$3,270.

Housing Authority of the City of Seymour

Management's Discussion and Analysis (MD&A)

March 31, 2012

(Continued)

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 \$4,977 due to disposals and to decreases in annual depreciation expense.

At fiscal year-end 2012, administrative equipment decreased \$2,460 due to the disposal of computers.

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, 2012, current liabilities were \$10,698 as compared to \$2,757, as of March 31, 2011, an increase of \$7,941. The change consisted of increases in accrued compensated absences (employees' paid leave) of \$8,108, vendor payables of \$259, and payroll taxes payables of \$100 with decreases in deferred revenues (admin fees) of \$526.

Net Assets:

The balance in net assets, \$70,725, was the compilation of revenues, expenses, and capital expenditures accumulated during the life of the Housing Authority. Current year expenses (\$676,393) exceeded revenues (\$674,881) by \$1,512 which resulted in decreases in equity (net assets).

Debt:

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

Changes in Net Assets For the Year Ended March 31

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$672,557	\$646,171	\$26,386	4.08%
Investment Income	58	83	(25)	-30.12%
Other Income	2,266	2,694	(428)	-15.89%
Total Revenue	<u>674,881</u>	<u>648,948</u>	<u>25,933</u>	<u>4.00%</u>
Expenses:				
Administrative	93,178	78,673	14,505	18.44%
General Expenses	3,948	5,557	(1,609)	-28.95%
Housing Assistance Payments	574,290	600,222	(25,932)	-4.32%
Depreciation	4,977	4,458	519	11.64%
Total Operating Expenses	<u>676,393</u>	<u>688,910</u>	<u>(12,517)</u>	<u>-1.82%</u>
Increase (Decrease) in Net Assets	<u>(\$1,512)</u>	<u>(\$39,962)</u>	<u>\$38,450</u>	<u>-96.22%</u>

Housing Authority of the City of Seymour

Management's Discussion and Analysis (MD&A)

March 31, 2012

(Continued)

Revenues:

In 2012, the Housing Authority of the City of Seymour's Housing Assistance Payments and Administrative Fees increased \$26,386 from \$646,171 in 2011 to \$672,557 in 2012.

Investment income decreased \$25 and other income decreased \$428 (because fewer fraudulent rents were recovered in 2012 as compared to 2011). Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

Expenses:

Administrative expenses increased \$14,505 from \$78,673 in 2011 to \$93,178 in 2012. Administrative salaries increased \$11,733 due mainly to increases in compensated absence expenses. Increases occurred in employee benefits of \$1,406, administrative expenses of \$1,213, and audit fees of \$153.

General expenses decreased \$1,609 from \$5,557 in 2011 to \$3,948 in 2012. Insurance expenses decreased \$1,973 due mainly to decreases in liability and workers' compensation expenses. Other general expenses (portability fees) increased \$364.

Housing Assistance Payments (HAP) expenses decreased \$25,932 primarily because fewer residents were assisted with housing needs in 2012 as compared to 2011.

Depreciation expense increased \$519 from \$4,458 in 2011 to \$4,977 in 2012.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations therefore the federal budget has a greater impact than local economic conditions. The funding of programs could be significantly affected by both the 2011 and 2012 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 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, 2012

		Annual Contributions <u>Contract</u> <u>C-2018</u> Section 8 <u>Vouchers</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$	34,043
Restricted cash		39,865
Accounts receivable		309
Prepaid expenses		253
Total Current Assets		<u>74,470</u>
Capital Assets, net		<u>6,953</u>
Total Assets		<u>81,423</u>
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable		1,128
Accrued liabilities		9,570
Total Current Liabilities		<u>10,698</u>
<u>NET ASSETS</u>		
Invested in capital assets		6,954
Restricted		39,865
Unrestricted		23,906
Total Net Assets	\$	<u><u>70,725</u></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, 2012

	Annual Contributions <u>Contract</u> <u>C-2018</u> <u>Section 8</u> <u>Vouchers</u>
<u>OPERATING REVENUES</u>	
Other income	\$ <u>2,266</u>
TOTAL OPERATING REVENUE	<u>2,266</u>
<u>OPERATING EXPENSES</u>	
Administrative	93,178
General expense	3,948
Housing assistance payments	574,290
Depreciation expense	<u>4,977</u>
TOTAL OPERATING EXPENSES	<u>676,393</u>
OPERATING INCOME (LOSS)	<u>(674,127)</u>
<u>NONOPERATING REVENUES</u>	
Federal grants	672,557
Investment income	<u>58</u>
TOTAL NONOPERATING REVENUES	<u>672,615</u>
CHANGE IN NET ASSETS	(1,512)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>72,237</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ <u>70,725</u></u>

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	1,962
Payments to vendors		(9,928)
Payments to landlords		(574,290)
Payments to employees		(75,987)
Net Cash Used by Operating Activities		<u>(658,243)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>672,557</u>
Net Cash Flows Provided by Noncapital Financing Activities		<u>672,557</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		<u>58</u>
Net Cash Flows Provided by Investing Activities		<u>58</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

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

Net Increase (Decrease) in Cash and Cash Equivalents		14,372
Cash - Beginning of year		<u>59,536</u>
Cash - End of year	\$	<u><u>73,908</u></u>
Reconciliation to Statement of Net Assets		
Cash and Cash Equivalents	\$	3,807
Restricted Cash and Cash Equivalents		<u>70,101</u>
Total Cash and Cash Equivalents	\$	<u><u>73,908</u></u>

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

(CONTINUED)

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

Operating income (loss)	\$ (674,127)
Adjustments to reconcile net operating income to net cash Provided by operating activities:	
Depreciation	4,977
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(304)
Prepaid expenses	3,270
Increase (Decrease) in:	
Accrued payables and liabilities	7,941
Net Cash Flows Provided (Used) by Operating Activities	<u>(658,243)</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, 2012

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, 2012:

<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, 2012

(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 \$39,865 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, 2012

(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, 2012.

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, 2012
(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 \$73,908 at March 31, 2012. Bank balances before reconciling items were \$78,401 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	\$ 68,902
Money Market Accounts and Certificate of Deposit	<u>5,006</u>
Total	<u>\$ 73,908</u>

NOTE C - Accounts Receivable:

Accounts Receivable at March 31, 2012, consist of the following:

HUD	\$ 308
Accrued interest	<u>1</u>
Total	<u>\$ 309</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at March 31, 2012, consist of the following:

Prepaid insurance	<u>\$ 253</u>
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HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	<u>Beginning Balance 03/31/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance 03/31/12</u>
Capital Assets, being depreciated:					
Furniture, Equipment & Machinery	\$ 40,642	0	(2,460)	0	\$ 38,182
Total Capital Assets, being depreciated	<u>40,642</u>	<u>0</u>	<u>(2,460)</u>	<u>0</u>	<u>38,182</u>
Less Accumulated Depreciation:	(28,712)	(4,977)	2,460	0	(31,229)
Total Capital Assets, being depreciated, net	<u>11,930</u>	<u>(4,977)</u>	<u>0</u>	<u>0</u>	<u>6,953</u>
Capital Assets, Net	<u>\$ 11,930</u>	<u>\$(4,977)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 6,953</u>

For the year ended March 31, 2012, depreciation expense in the amount of \$4,977 was recorded.

NOTE F - Accounts payable:

Accounts payable at March 31, 2012, consist of the following:

Accounts payable - Vendors \$ 1,128

NOTE G - Accrued liabilities:

Accrued liabilities at March 31, 2012, consist of the following:

Accrued wages and payroll taxes \$ 1,462
Compensated absences 8,108

Total \$ 9,570

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 \$ 672,557

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

(Continued)

NOTE I - Commitments and Contingencies:

Litigation: At March 31, 2012, 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, 2012.

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: 03/31/2012

	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$34,043	\$34,043	\$34,043
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0
113 Cash - Other Restricted	\$39,865	\$39,865	\$39,865
114 Cash - Tenant Security Deposits	\$0	\$0	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$73,908	\$73,908	\$73,908
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$308	\$308	\$308
124 Accounts Receivable - Other Government	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$1	\$1	\$1
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$309	\$309	\$309
131 Investments - Unrestricted			
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$253	\$253	\$253
143 Inventories	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0
150 Total Current Assets	\$74,470	\$74,470	\$74,470
161 Land	\$0	\$0	\$0
162 Buildings	\$0	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$38,182	\$38,182	\$38,182
165 Leasehold Improvements	\$0	\$0	\$0
166 Accumulated Depreciation	-\$31,229	-\$31,229	-\$31,229
167 Construction in Progress	\$0	\$0	\$0
168 Infrastructure	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,953	\$6,953	\$6,953
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0
180 Total Non-Current Assets	\$6,953	\$6,953	\$6,953
190 Total Assets	\$81,423	\$81,423	\$81,423

311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$1,128	\$1,128	\$1,128
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$1,462	\$1,462	\$1,462
322 Accrued Compensated Absences - Current Portion	\$8,108	\$8,108	\$8,108
324 Accrued Contingency Liability	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0
341 Tenant Security Deposits	\$0	\$0	\$0
342 Deferred Revenues	\$0	\$0	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0
310 Total Current Liabilities	\$10,698	\$10,698	\$10,698
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$10,698	\$10,698	\$10,698
508.1 Invested In Capital Assets, Net of Related Debt	\$6,954	\$6,954	\$6,954
509.2 Fund Balance Reserved			
51.2 Unreserved, Designated Fund Balance			
511.1 Restricted Net Assets	\$39,865	\$39,865	\$39,865
512.1 Unrestricted Net Assets	\$23,906	\$23,906	\$23,906
512.2 Unreserved, Undesignated Fund Balance			
513 Total Equity/Net Assets	\$70,725	\$70,725	\$70,725
600 Total Liabilities and Equity/Net Assets	\$81,423	\$81,423	\$81,423

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2012

	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$0	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$0
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$672,557	\$672,557	\$672,557
70610 Capital Grants	\$0	\$0	\$0
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	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$39	\$39	\$39
71200 Mortgage Interest Income	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0
71400 Fraud Recovery	\$2,266	\$2,266	\$2,266
71500 Other Revenue	\$0	\$0	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$19	\$19	\$19
70000 Total Revenue	\$674,881	\$674,881	\$674,881
91100 Administrative Salaries	\$70,108	\$70,108	\$70,108
91200 Auditing Fees	\$3,219	\$3,219	\$3,219
91300 Management Fee	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$5,879	\$5,879	\$5,879
91600 Office Expenses	\$6,400	\$6,400	\$6,400
91700 Legal Expense	\$0	\$0	\$0
91800 Travel	\$1,833	\$1,833	\$1,833
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$5,739	\$5,739	\$5,739
91000 Total Operating - Administrative	\$93,178	\$93,178	\$93,178
92000 Asset Management Fee	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0
92400 Tenant Services - Other	\$0	\$0	\$0
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$0	\$0	\$0
93200 Electricity	\$0	\$0	\$0
93300 Gas	\$0	\$0	\$0
93400 Fuel	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$0

94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0
94000 Total Maintenance	\$0	\$0	\$0
95100 Protective Services - Labor	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$0	\$0	\$0
96120 Liability Insurance	\$2,645	\$2,645	\$2,645
96130 Workmen's Compensation	\$0	\$0	\$0
96140 All Other Insurance	\$463	\$463	\$463
96100 Total Insurance Premiums	\$3,108	\$3,108	\$3,108
96200 Other General Expenses	\$840	\$840	\$840
96210 Compensated Absences	\$0	\$0	\$0
96300 Payments in Lieu of Taxes	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$0	\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0
96000 Total Other General Expenses	\$840	\$840	\$840
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$97,126	\$97,126	\$97,126
97000 Excess of Operating Revenue over Operating Expenses	\$577,755	\$577,755	\$577,755
97100 Extraordinary Maintenance	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0
97300 Housing Assistance Payments	\$574,290	\$574,290	\$574,290
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$4,977	\$4,977	\$4,977
97500 Fraud Losses	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$0	\$0	\$0
98000 Total Expenses	\$676,393	\$676,393	\$676,393
10010 Operating Transfer In	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,512	-\$1,512	-\$1,512

11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$72,237	\$72,237	\$72,237
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	\$30,860	\$30,860	\$30,860
11180	Housing Assistance Payments Equity	\$39,865	\$39,865	\$39,865
11190	Unit Months Available	1804	1804	1804
11210	Number of Unit Months Leased	1687	1687	1687
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	OFFP 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, 2012

<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	\$ 672,557	\$ 672,557
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 672,557</u>	<u>\$ 672,557</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, 2012, and have issued my report thereon dated August 22, 2012, 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.

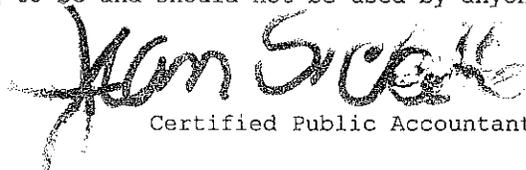
Compliance and Other Matters

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*.

I noted certain matters that I reported to management of Housing Authority of the City of Seymour in a separate letter dated August 22, 2012.

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.

Fredericksburg, Indiana
August 22, 2012


Certified Public Accountant

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 could have a direct and material effect on each of the Housing Authority of the City of Seymour's major federal programs for the year ended March 31, 2012. The Housing Authority of the City of Seymour's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Seymour's management. My responsibility is to express an opinion on the Housing Authority of the City of Seymour's compliance based on my audit.

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

In my opinion, the Housing Authority of the City of Seymour complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

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 to determine the 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.

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.

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.

Fredericksburg, Indiana
August 22, 2012


Certified Public Accountant

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
~ Material weakness(es) identified? yes X no
~ Significant Deficiency (s) identified that are
not considered to be material weaknesses? yes X no

Noncompliance material to financial statements
noted? yes X no

FEDERAL AWARDS

Internal control over major programs:
~ Material weakness(es) identified? yes X no
~ Significant Deficiency(s) identified that are
not considered to be material weakness(es)? yes X no

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

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

Identification of major programs:

<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? X yes no

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR YEAR FINDINGS

2011-01

PRIOR
CONDITION:

SEMAP NOT FILED:

The Authority did not file the SEMAP form.

CURRENT
CONDITION:

In a letter dated January 5, 2012 the Indianapolis HUD office closed this finding.

This finding is cleared.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2012

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2011-01	SEMAP Not Filed	Cleared

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
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August 22, 2012

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

In planning and performing my audit of the financial statements of the Housing Authority of the City of Seymour as of and for the year ended March 31, 2012, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated August 22, 2012 on the financial statements of the Authority.

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

My comments are summarized as follows:

1. Condition: UTILITY ALLOWANCE

The schedule is more than one (1) year old.

Recommendation:

The Authority should update the schedule as soon as possible.

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

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

Sincerely,


Jean Sickels
Certified Public Accountant