



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43963

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

July 30, 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, 2012 to March 31, 2013. 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, 2013 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, 2013

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

870 Cinderella Court
Decatur, GA 30033
404-297-9881

HOUSING AUTHORITY
OF THE CITY
OF SEYMOUR

SEYMOUR, INDIANA
MARCH 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	3
Statement of Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
<u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Financial Data Schedule	13
Schedule of Expenditures of Federal Awards	18
<u>OTHER REPORTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	21
Schedule of Findings and Questioned Costs	23

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Seymour ("the Authority") which comprise the statement of net position as of March 31, 2013, and the related statements of changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Seymour's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, 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.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through v be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountant

Fredericksburg, Indiana
July 31, 2013

Seymour Housing Authority
Management's Discussion and Analysis (MD & A)
March 31, 2013

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, 2013. Please read the MD&A in conjunction with the Housing Authority's financial statements.

Financial Highlights

Assets:

As of March 31, 2013, total assets were \$83,686 as compared to \$81,423, as of March 31, 2012, an increase of \$2,263. Current assets increased \$5,244 while capital assets decreased \$2,981.

Liabilities:

Total liabilities decreased \$765 from \$10,698 in 2012 to \$9,933 in 2013. All of the Authority's liabilities were current liabilities which will become due and payable during the 2013 fiscal year.

Revenues:

In 2013, total revenue decreased \$44,601 due to decreases in Federal Grants & Subsidy revenue and investment income.

Expenses:

Total expenses decreased \$49,141 due to decreases in administrative, Housing Assistance Payments (HAP), and depreciation expenses.

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, for sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. 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. This annual report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The Housing Authority's financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes all the Housing Authority's assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It

Seymour Housing Authority
Management's Discussion and Analysis (MD & A)
March 31, 2013
(Continued)

also provides the basis for evaluating the Authority's capital structure plus assessing liquidity and financial flexibility.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Position. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether it 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, 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 requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2013.

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 Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on March 31, 2013. The Statement of Changes in Net Position summarize the revenues and sources of those revenues generated and the operating expenses incurred for the year ended March 31, 2013.

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

Seymour Housing Authority
Management's Discussion and Analysis (MD & A)
March 31, 2013
(Continued)

Net Position

March 31,

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$79,714	\$74,470	\$5,244	7.04%
Capital Assets, Net	<u>\$3,972</u>	<u>\$6,953</u>	<u>(\$2,981)</u>	<u>-42.87%</u>
Total Assets	<u>\$83,686</u>	<u>\$81,423</u>	<u>\$2,263</u>	<u>2.78%</u>
Current Liabilities	<u>\$9,933</u>	<u>\$10,698</u>	<u>(\$765)</u>	<u>-7.15%</u>
Total Liabilities	<u>\$9,933</u>	<u>\$10,698</u>	<u>(\$765)</u>	<u>-7.15%</u>
Net Position:				
Net Investment in Capital Assets	\$3,972	\$6,954	(\$2,982)	-42.88%
Restricted	\$44,288	\$39,865	\$4,423	11.09%
Unrestricted	<u>\$25,493</u>	<u>\$23,906</u>	<u>\$1,587</u>	<u>6.64%</u>
Total Net Position	<u>\$73,753</u>	<u>\$70,725</u>	<u>\$3,028</u>	<u>4.28%</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, 2013, current assets were \$79,714 as compared to \$74,470, as of March 31, 2012, an increase of \$5,244. Current assets increased due to positive cash flow (revenues exceeding expenses, net of depreciation). The change consisted of increases in cash/cash equivalents of \$4,676 and accounts receivables (HUD) of \$571 with decreases in prepaid expenses (insurance) of \$3.

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, 2013, current liabilities were \$9,933 as compared to \$10,698, as of March 31, 2012, a decrease of \$765. The change consisted of decreases in vendor payables (operating) of \$396 and wage/payroll taxes payables of \$391 with increases in deferred revenues (interest due HUD) of \$22.

Net Position:

As of March 31, 2013, the Housing Authority had \$73,753 invested in total net position. Of this amount, \$25,493 of unrestricted net position may be used to meet the Authority's future ongoing expenses and obligations. Restricted net position of \$44,288 was available for Section 8 Housing

Seymour Housing Authority
Management's Discussion and Analysis (MD & A)
March 31, 2013
(Continued)

Assistance Payments (HAP). The remainder of \$3,972 represents the net capital assets of furniture and equipment.

Capital Assets at Year-End
(Net of Accumulated Depreciation)
March 31,

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment - Admin	\$38,182	\$38,182	\$0	0.00%
Accumulated Depreciation	(\$34,210)	(\$31,229)	(\$2,981)	9.55%
Net Capital Assets	<u>\$3,972</u>	<u>\$6,953</u>	<u>(\$2,981)</u>	<u>-42.87%</u>

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 \$2,981 due to decreases in annual depreciation expense.

Debt

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

Changes in Net Position
For the Year Ended March 31

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$626,028	\$672,557	(\$46,529)	-6.92%
Investment Income	\$12	\$58	(\$46)	-79.31%
Other Income	\$4,240	\$2,266	\$1,974	87.11%
Total Revenue	<u>\$630,280</u>	<u>\$674,881</u>	<u>(\$44,601)</u>	<u>-6.61%</u>
Expenses:				
Administrative	\$65,373	\$93,178	(\$27,805)	-29.84%
General Expenses	\$4,841	\$3,948	\$893	22.62%
Housing Assistance Payments	\$554,056	\$574,290	(\$20,234)	-3.52%
Depreciation	\$2,982	\$4,977	(\$1,995)	-40.08%
Total Operating Expenses	<u>\$627,252</u>	<u>\$676,393</u>	<u>(\$49,141)</u>	<u>-7.27%</u>
Increase (Decrease) in Net Position	<u>\$3,028</u>	<u>(\$1,512)</u>	<u>\$4,540</u>	<u>-300.26%</u>

Revenues:

In 2013, Seymour Housing Authority's Housing Assistance Payments and Administrative Fees decreased \$46,529 from \$672,557 in 2012 to \$626,028.

Seymour Housing Authority
Management's Discussion and Analysis (MD & A)
March 31, 2013
(Continued)

Investment income decreased \$46 while other income increased \$1,974 (due to increases in fraud recovery). Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

Expenses:

Administrative expenses decreased \$27,805 from \$93,178 in 2012 to \$65,373 in 2013. Administrative salaries decreased \$23,608 and employee benefits decreased \$1,285 due mainly to cut backs in hours worked. Administrative operating expenses decreased \$3,073 due to decreases in office, travel, and other administrative operating expenses. Audit fees increased \$161.

General expenses increased \$893 due to increases in insurance expense of \$1,325 with decreases in other general expenses (portability admin fees) of \$432.

Housing Assistance Payments (HAP) expense decreased \$20,234 due to decreases in costs per unit leased.

Depreciation expense decreased \$1,995, from \$4,977 to \$2,982, due to asset which were fully depreciated in 2012.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations which will be affected by both federal budgetary decisions and by local economic conditions. The funding of programs could be significantly affected by the 2012 and 2013 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 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, Seymour Housing Authority, 309 North Chestnut Street, Seymour, IN 47274, telephone number (812) 524-7893.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF NET POSITION

MARCH 31, 2013

	Annual Contributions Contract <u>C-2018</u> Section 8 <u>Vouchers</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 34,296
Restricted cash	44,288
Accounts receivable	880
Prepaid expenses	250
Total Current Assets	<u>79,714</u>
Capital Assets, net	<u>3,972</u>
Total Assets	<u>83,686</u>
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accounts payable	732
Accrued liabilities	9,179
Deferred revenue	22
Total Current Liabilities	<u>9,933</u>
<u>NET POSITION</u>	
Net investment in capital assets	3,972
Restricted	44,288
Unrestricted	25,493
Total Net Position	<u>\$ 73,753</u>

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

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2013

	Annual Contributions <u>Contract</u> <u>C-2018</u> Section 8 <u>Vouchers</u>
<u>OPERATING REVENUES</u>	
Other income	\$ <u>4,240</u>
TOTAL OPERATING REVENUE	<u>4,240</u>
<u>OPERATING EXPENSES</u>	
Administrative	65,373
General expense	4,841
Housing assistance payments	554,056
Depreciation expense	<u>2,982</u>
TOTAL OPERATING EXPENSES	<u>627,252</u>
OPERATING INCOME (LOSS)	<u>(623,012)</u>
<u>NONOPERATING REVENUES</u>	
Federal grants	626,028
Investment income	<u>12</u>
TOTAL NONOPERATING REVENUES	<u>626,040</u>
CHANGE IN NET POSITION	3,028
TOTAL NET POSITION - BEGINNING OF YEAR	<u>70,725</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 73,753</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	3,669
Payments to vendors		(19,882)
Payments to landlords		(554,056)
Payments to employees		(51,094)
Net Cash Used by Operating Activities		(621,363)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		626,028
Net Cash Flows Provided by Noncapital Financing Activities		626,028

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		12
Net Cash Flows Provided by Investing Activities		12

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets		(1)
Net Cash Flows (Used) by Capital and Related Financing Activities		(1)

Net Increase (Decrease) in Cash and Cash Equivalents		4,676
Cash - Beginning of year		73,908
Cash - End of year	\$	78,584
Reconciliation to Statement of Net Assets		
Cash and Cash Equivalents	\$	34,296
Restricted Cash and Cash Equivalents		44,288
Total Cash and Cash Equivalents	\$	78,584

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013
(CONTINUED)

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

Operating income (loss)	\$	(623,012)
Adjustments to reconcile net operating income to net cash Provided by operating activities:		
Depreciation		2,982
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(571)
Prepaid expenses		3
Increase (Decrease) in:		
Accrued payables and liabilities		<u>(765)</u>
Net Cash Flows Provided (Used) by Operating Activities		<u><u>(621,363)</u></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, 2013

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, 2013:

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

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Changes in Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

(Continued)

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

Net Investment in Capital Assets: 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.

Restricted: Net position 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.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position 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 and 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, 2013

(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, 2013.

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, 2013

(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 March 31, 2013, 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.

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$78,584 at March 31, 2013. Bank balances before reconciling items were \$80,405 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	\$ 34,296
Money Market Accounts and Certificate of Deposit	<u>44,288</u>
Total	<u>\$ 78,584</u>

NOTE C - Accounts Receivable:

Accounts Receivable at March 31, 2013, consist of the following:

HUD	\$ 878
Accrued interest	<u>2</u>
Total	<u>\$ 880</u>

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013

(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at March 31, 2013, consist of the following:

Prepaid insurance	<u>\$ 250</u>
-------------------	---------------

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>03/31/12</u>	Increases	Decreases	Transfers	Ending Balance <u>03/31/13</u>
Capital Assets, being depreciated:					
Furniture, Equipment & Machinery	\$ 38,182	\$ 0	\$ (0)	\$ 0	\$ 38,182
Total Capital Assets, being depreciated	<u>38,182</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>38,182</u>
Less Accumulated Depreciation:	(31,229)	(2981)	0	0	(34,210)
Total Capital Assets, being depreciated, net	<u>6,953</u>	<u>(2981)</u>	<u>0</u>	<u>0</u>	<u>3,972</u>
Capital Assets, Net	<u>\$ 6,953</u>	<u>\$ (2981)</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 3,972</u>

For the year ended March 31, 2013, depreciation expense in the amount of \$2,982 was recorded.

NOTE F - Accounts payable:

Accounts payable at March 31, 2013, consist of the following:

Accounts payable - Vendors	<u>\$ 732</u>
----------------------------	---------------

NOTE G - Accrued liabilities:

Accrued liabilities at March 31, 2013, consist of the following:

Accrued wages and payroll taxes	\$ 1,071
Compensated absences	<u>8,108</u>
Total	<u>\$ 9,179</u>

NOTE I - Deferred Revenues:

Deferred Revenues at March 31, 2013, consist of the following:

Prepaid rent	<u>\$ 22</u>
--------------	--------------

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013
(Continued)

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 \$ 626,028

NOTE J - Commitments and Contingencies:

Litigation: At March 31, 2013, 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, 2013.

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

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$34,296	\$34,296	\$34,296
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0
113 Cash - Other Restricted	\$44,288	\$44,288	\$44,288
114 Cash - Tenant Security Deposits	\$0	\$0	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$78,584	\$78,584	\$78,584
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$878	\$878	\$878
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	\$2	\$2	\$2
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$880	\$880	\$880
131 Investments - Unrestricted	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$250	\$250	\$250
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	\$79,714	\$79,714	\$79,714
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	-\$34,210	-\$34,210	-\$34,210
167 Construction in Progress	\$0	\$0	\$0
168 Infrastructure	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,972	\$3,972	\$3,972
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	\$3,972	\$3,972	\$3,972
190 Total Assets	\$83,686	\$83,686	\$83,686

311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$732	\$732	\$732
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$1,071	\$1,071	\$1,071
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	\$22	\$22	\$22
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	\$9,933	\$9,933	\$9,933
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	\$9,933	\$9,933	\$9,933
508.1 Invested In Capital Assets, Net of Related Debt	\$3,972	\$3,972	\$3,972
511.1 Restricted Net Assets	\$44,288	\$44,288	\$44,288
512.1 Unrestricted Net Assets	\$25,493	\$25,493	\$25,493
513 Total Equity/Net Assets	\$73,753	\$73,753	\$73,753
600 Total Liabilities and Equity/Net Assets	\$83,686	\$83,686	\$83,686

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

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2013

	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	\$626,028	\$626,028	\$626,028
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	\$12	\$12	\$12
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	\$4,240	\$4,240	\$4,240
71500 Other Revenue	\$0	\$0	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$630,280	\$630,280	\$630,280
91100 Administrative Salaries	\$46,500	\$46,500	\$46,500
91200 Auditing Fees	\$3,380	\$3,380	\$3,380
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	\$4,594	\$4,594	\$4,594
91600 Office Expenses	\$5,258	\$5,258	\$5,258
91700 Legal Expense	\$0	\$0	\$0
91800 Travel	\$829	\$829	\$829
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$4,812	\$4,812	\$4,812
91000 Total Operating - Administrative	\$65,373	\$65,373	\$65,373
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	\$3,409	\$3,409	\$3,409
96130 Workmen's Compensation	\$389	\$389	\$389
96140 All Other Insurance	\$635	\$635	\$635
96100 Total insurance Premiums	\$4,433	\$4,433	\$4,433
96200 Other General Expenses	\$408	\$408	\$408
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	\$408	\$408	\$408
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	\$70,214	\$70,214	\$70,214
97000 Excess of Operating Revenue over Operating Expenses	\$560,066	\$560,066	\$560,066
97100 Extraordinary Maintenance	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0
97300 Housing Assistance Payments	\$554,056	\$554,056	\$554,056
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$2,982	\$2,982	\$2,982
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
90000 Total Expenses	\$627,252	\$627,252	\$627,252
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	\$3,028	\$3,028	\$3,028

11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$70,725	\$70,725	\$70,725
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	\$29,465	\$29,465	\$29,465
11180	Housing Assistance Payments Equity	\$44,288	\$44,288	\$44,288
11190	Unit Months Available	1854	1854	1854
11210	Number of Unit Months Leased	1717	1717	1717
11270	Excess Cash			
11610	Land Purchases			
11620	Building Purchases			
11630	Furniture & Equipment - Dwelling Purchases			
11640	Furniture & Equipment - Administrative Purchases			
11650	Leasehold Improvements Purchases			
11660	Infrastructure Purchases			
13510	CFFP Debt Service Payments			
13901	Replacement Housing Factor Funds			

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2013

<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	\$ 626,028	\$ 626,028
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 626,028</u>	<u>\$ 626,028</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*

Independent Auditor's Report

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

I have audited, in accordance with the 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, the financial statements of the Housing Authority of the City of Seymour, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Seymour's basic financial statements and have issued my report thereon dated July 31, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Seymour's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Seymour's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Purpose Of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fredericksburg, Indiana
July 31, 2013



Certified Public Accountant

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by 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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Seymour's compliance 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contract, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Seymour's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with the 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 on compliance for each major federal program. However, my audit does not provide a legal determination of the Housing Authority of the City of Seymour's compliance.

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Seymour, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

Report on 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 requirements referred to above. In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Seymour's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on

internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Seymour's internal control over compliance.

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

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of the Housing Authority of the City of Seymour as of and for the year ended March 31, 2013, and have issued my report thereon dated July 31, 2013. My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountant

Fredericksburg, Indiana
July 31, 2013

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2013

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, 2013

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 are no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings.