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June 2, 2014

Board of Directors
Sullivan Housing Authority
200 N. Court
Sullivan, IN 47882

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period April 1, 2008 to March 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Sullivan Housing Authority, as of March 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED MARCH 31, 2009

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

TABLE OF CONTENTS

PAMELA J. SIMPSON, C.P.A.

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<u>Independent Auditor's Report</u>

Board of Directors
Sullivan Housing Authority
Sullivan, Indiana

I have audited the accompanying basic financial statements of Sullivan Housing Authority, as of and for the year ended March 31, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic 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 basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sullivan Housing Authority, as of March 31, 2009 and the respective changes in financial position and cash flows for the year end 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 December 17, 2009, on my consideration of the Authority's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulation, contracts and grants. The purpose of that report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements of the Sullivan Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Sullivan Housing Authority. 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 materials respects, in relation to the basic financial statements taken as a whole.

Pamela J. Simpson

Decatur, Illinois
December 17, 2009

Certified Public Accountant

Management's Discussion and Analysis

As management of the Sullivan Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2009. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Sullivan Housing Authority, 200 North Court, Sullivan, Indiana, (812) 268-4600.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.

- Statement of Revenues, Expenses, and Changes in Net Assets reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.

- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

- Comparison of budget vs. actual – reports the Authority's actual operating revenues and expenses versus the budgeted amounts.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending March 31, 2010 that will significantly affect the Authority's Net Assets either positively or negatively.

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets

Total Assets for FYE 2008 was $8,417,767 and at FYE 2009 the amount was $8,715,619. This represents a net increase of $297,852 or 4%.

Cash decreased by $77,149 or 54%.

Other Current Assets increased by $77,848. The increase was related to the increase in receivables.

Capital Assets increased by $311,198. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased by $10,287 or 2%, due to increase in PILOT payables and accrued compensated absences and wages.

The table below illustrates our analysis:

	2009	2008	Variances	Percentage Change
Cash	77,149	168,343	(91,194)	-54%
Other Current Assets	614,732	536,884	77,848	15%
Capital Assets	8,023,738	7,712,540	311,198	4%
Total Assets	**8,715,619**	**8,417,767**	**297,852**	**4%**
Current Liabilities	135,074	124,787	10,287	8%
Noncurrent Liabilities	0	0	0	0%
Total Liabilities	**135,074**	**124,787**	**10,287**	**8%**
Net Invested in Capital Assets	8,023,738	7,712,540	311,198	4%
Restricted Net Assets	7,228	18,418	(11,190)	-61%
Unrestricted Net Assets	549,579	562,022	(12,443)	-2%
Total Net Assets	**8,580,545**	**8,292,980**	**287,565**	**4%**

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending March 31, 2009 were as follows:

Program	Revenues Generated
Low Income Public Housing	$1,124,433
Section 8 Vouchers	$147,095
Capital Fund Program	$452,932

Total Revenues for Fiscal Year Ending March 31, 2008 were $1,666,294 as compared to the total revenues for Fiscal Year Ending March 31, 2009 of $1,724,460. Comparatively, Fiscal Year Ending 2009 revenues exceeded Fiscal Year Ending 2008 revenues by $58,166.

Total Tenant Revenue increased by $14,467 or 2% due to increases in tenants calculated rent.

HUD Operating Grants decreased by $41,483 or 8% due to decreased subsidy received in the public housing program.

HUD Capital Grants increased by $89,608 or 30% due to the increase in ongoing capital projects.

Investment Income decreased by $2,844 or 12% due to a decrease in interest rates.

Other Revenue decreased by $1,190 or 5% due largely to revenues earned from utility reimbursement from corporate tenants, maintenance and damages charged reimbursed by tenants.

	2009	2008	Variance	Percentage Change
Total Tenant Revenue	606,460	591,993	14,467	2%
HUD Operating Grants	683,056	724,539	(41,483)	-6%
HUD Capital Grants	390,851	301,243	89,608	30%
Investment Income	20,518	23,362	(2,844)	-12%
Other Revenue	23,575	24,765	(1,190)	-5%
Restricted Investment Income	0	392	(392)	100%
Total Revenue	**1,724,460**	**1,666,294**	**58,166**	**4%**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending March 31, 2008 were $1,837,147 as compared to $1,806,582 of total expenditures for Fiscal Year Ending March 31, 2009. Comparatively, Fiscal Year Ending 2008 expenditures exceeded Fiscal Year Ending 2009 expenditures by $30,565. Changes by major expense category will be presented below.

Administrative expenditures decreased by $18,851 or 5%. The decrease was due to decreases in salaries, health insurance and related benefits.

Tenant Services expenditures decreased by $5,871 or 56%, due to a decrease in services (holiday meals).

Utilities increased by $10,155 or 4%. The increase was due to normal increases in costs and usage.

Maintenance expenditures increased by $46,017 or 11% due to increases in materials and contracted work.

General Expenses decreased by $19,662 or 17% due to decreases in insurance costs.

Housing Assistance Payments decreased by $9,443 or 6% due to a decrease in the number of vouchers issued during the year and amount of assistance.

The table below illustrates our analysis:

	2009	2008	Variance	Percentage Change
Administative	330,064	348,915	(18,851)	-5%
Tenant Services	4,678	10,549	(5,871)	-56%
Utilities	237,170	227,015	10,155	5%
Maintenance	476,484	430,467	46,017	11%
General Expense	99,244	118,906	(19,662)	-17%
Extraordinary Maintenance	0	52,568	(52,568)	-100%
Casualty Losses	0	0	0	0%
Housing Assistance Payments	136,556	145,999	(9,443)	-7%
Depreciation Expense	522,386	502,728	19,658	4%
Total Expenses	**1,806,582**	**1,837,147**	**(30,565)**	**-2%**

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved. The Authority is permitted four years to expend theses funds. Income is only recognized as funds are expended.

Housing Authority Budgetary Highlights

Results of Operations – Public Housing

Management prepared a budget that anticipated residual receipts of $85,936. Actual results of operations reflected residual receipts of $68,460 before depreciation expense.

Tenant Rental Revenue was over budget by $17,025 or 3%.

HUD Operating Grants were under budget by $82,746 or 15%.

Other Income was over budget by $851 or 4%.

Administrative Expenses were under budget by $1,883 or 1%.

Utilities were over budget by $8,898 or 4%.

Analysis of Capital Asset Activity and Related Financing

Buildings increased by $512,857 due to a reclassification of improvements.

Furniture, Equipment & Machinery – Dwelling decreased by a net amount $108,005.

Furniture, Equipment & Machinery – Administrative decreased by a net amount $373,133 or 70%.

Accumulated Depreciation decreased by $153,589or 2%. This is the amount of current year depreciation expense.

	2009	2008	Net Change	Percentage Change
Land	131,925	131,925	0	0%
Buildings	15,125,670	14,612,813	512,857	4%
Furniture, Equipment, & Machinery - Dwelling	137,737	245,742	-108,005	-44%
Furniture, Equipment, & Machinery - Administrative	161,365	534,498	-373,133	-70%
Leasehold Improvements	291,414	269,051	22,363	8%
Construction in Process	422,508	318,979	103,529	33%
Total Fixed Assets	**16,270,619**	**16,113,008**	**157,611**	**1%**
Accumulated Depreciation	8,246,881	8,400,468	-153,587	-2%
Net Fixed Assets	**8,023,738**	**7,712,540**	**311,198**	**4%**

Most increases were related to the expenditure of capital funds in the current year.

Outstanding Debt

The Housing Authority did not borrow any funds in the current year and had no outstanding debt in March 31, 2009 or March 31, 2008.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
AS OF MARCH 31, 2009

ASSETS	
CURRENT ASSETS	
Cash	$ 69,921
Accounts receivable (interfund eliminated)	78,053
Accrued interest receivable	4,436
Investments	494,302
Inventory	1,029
Deferred charges	36,912
Total Current Assets	$ 684,653
RESTRICTED ASSETS	
Cash	$ 7,228
Total Restricted Assets	$ 7,228
CAPITAL ASSETS	
Land, buildings and equipment	$ 16,270,619
Less: Accumulated depreciation	-8,246,881
Net Capital Assets	$ 8,023,738
Total Assets	$ 8,715,619
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable (interfund eliminated)	$ 33,693
Accrued liabilities	75,425
Deferred revenues	25,956
Total Current Liabilities	$ 135,074
NET ASSETS	
Invested in capital assets	$ 8,023,738
Restricted	7,228
Unrestricted	549,579
Total Net Assets	$ 8,580,545

The notes to financial statements are an integral part of this statement.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2009

Operating Income	
Tenant rental revenue	$ 606,176
Tenant revenue - other	284
Total Rental Income	$ 606,460
HUD grants - operating	683,056
Other revenue	23,575
Total Operating Income	$ 1,313,091
Operating Expenses	
Administration	$ 330,064
Tenant services	4,678
Utilities	237,170
Ordinary maintenance and operation	476,484
General expense	99,244
Housing assistance payments	136,556
Depreciation	522,386
Total Operating Expenses	$ 1,806,582
Net Operating Income (Loss)	$ -493,491
Nonoperating Income (Expense)	
Interest income	20,518
Capital Contributions	
Capital funds grant	390,851
Changes in net assets	$ -82,122
Net assets, beginning of year	8,292,980
Prior period adjustments	369,687
Net assets, end of year	$ 8,580,545

The notes to financial statements are an integral part of this statement.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2009

Operating Activities	
Operating grants	$ 624,630
Tenant revenue	606,849
Other revenue	23,575
Housing assistance payments	-136,556
Payments to employees	-369,002
Payments to suppliers and contractors	-778,036
Net Cash Provided (Used) by Operating Activities	$ -28,540
Investing Activities	
Investments (purchased) redeemed	$ -10,302
Interest income	20,694
Net Cash Provided (Used) by Investing Activities	$ 10,392
Capital and Related Financing Activities	
HUD grants - capital	$ 390,851
(Additions) deletions to fixed assets	-463,897
Net Cash Provided (Used) by Capital and Related Financing Activities	$ -73,046
Net Change in Cash	$ -91,194
Cash Balance at March 31, 2008	168,343
Cash Balance at March 31, 2009	$ 77,149

The notes to financial statements are an integral part of this statement.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2009

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Net operating income (loss)	$ -493,491
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	522,386
(Increase) decrease in accounts receivable	-72,579
(Increase) decrease in deferred charges	5,200
(Increase) decrease in inventory	-343
Increase (decrease) in accounts payable	10,573
Increase (decrease) in accrued liabilities	3,346
Increase (decrease) in deferred revenues	-3,632
Net Cash Provided (Used) by Operating Activities	$ -28,540

The notes to financial statements are an integral part of this statement.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009

Note 1 - Summary of Significant Accounting Policies

(a) Organization -

The Sullivan Housing Authority was established by the City of Sullivan pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Sullivan and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City, The Board of Commissioners has decision making authority and the power to designate management. The members do not serve as the discretion of the Mayor, i.e. they can only be removed for cause. The Authority’s Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Sullivan Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails. pronouncements, in which case, GASB prevails.

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

* Low Rent Public Housing
* Section 8 Choice Vouchers
* Capital Fund Program

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:
Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the practice of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one month or less when purchased to be cash equivalents.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2009, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(g) Investments -

Investments are stated at cost which approximates market.

(h) Fixed Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of publish housing developments owned or operated, the Housing Authority follows the following capitalization policy:

> If the initial cost of a piece of equipment and/or other personal property is five hundred dollars ($500) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

1) The total development construction costs incurred for each project at the end of the initial operating period,

2) nonexpendable equipment, and

3) property betterments and additions

4) land acquisitions.

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	20 - 40	years
Equipment	3 - 10	years

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(i) Net Assets -

GASB Statement 34 requires the classification of net assets into three components as defined below:

1) Invested in capital assets, net of related debt - this component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues and unamortized debt expense reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

2) Restricted - this component of net assets consist of constraints placed on net assets use through external constraints imposed by creditors, contributors or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

3) Unrestricted - this component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

(j) Income Tax -

The Authority, organized as a non-profit corporation subsidized by the Federal government, is exempt from Federal and State income taxes.

(k) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

(l) The Housing Authority adopts a budget annually. The budget is presented to the Board of Commissioners for approval annually.

(m) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(n) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disables residents. The rents under the lease are determined generally by the resident’s income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 1 - Summary of Significant Accounting Policies

(o) Rental income is recognized as rents become due.

(p) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to or that the Authority will not be able to recover collateral securities in the possession of an outside party.

b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value loses arising from increasing interest rates.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 2 - Cash and Investments (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

Program	Book Balance	Bank Balance
Low Rent	$ 61,512	$ 139,952
Voucher	15,637	15,637
Total	$ 77,149	$ 155,589

Similar to cash deposits, investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.

Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

Based on the three levels of risk, all of the Housing Authority's investments are classified as Category 1.

Program	Book Balance	Market Value
Low Rent	$ 494,302	$ 494,302

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 3 - Compensated Absences

Personal Leave

Permanent full-time employees will be granted two personnel leave days per fiscal year.

Personal leave days shall be taken in the fiscal year earned (April 1 through March 31) or they are lost. Personal leave days are not accumulated from year to year, therefore no liability has been recorded.

Sick Leave

Permanent full-time employees will be granted twelve sick days per fiscal year.

Sick days may accumulate to sixty days. Employees shall not receive compensation for unused sick leave on termination of employment with the Sullivan Housing Authority, therefore no liability is recorded.

Vacation Days

Permanent full-time employee is entitled to 80 hours (10 work days) vacation after (12) continuous calendar months of work. (1st to 5th year of continuous service: 40 hour employees). After 5 years of continuous service a permanent full-time employee is eligible for 120 hours (15 work days) vacation per year. The beginning date for calculating each year's authorized vacation is the employee's anniversary date. No permanent full-time employee shall be eligible for vacation until after six (6) months of continuous employment.

Vacation must be taken the year following the year it is accrued. Upon termination of employment an employee shall be compensated for the unused portion of the earned vacation which the employee is eligible to use and earned vacation in the year of termination which has not been used.

Note 4 - Defined Contribution Plan

The PHA participates in a defined contribution plan. The Housing Authority and the participants are required to contribute 7.5% and 5.5% of annual covered payroll, respectively. For the fiscal year ended March 31, 2009, the Housing Authority contributed $38,641. Total annual payroll expense was $366,195 for fiscal year end 2009.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenant accounts receivable (net)	$ 110
Accounts receivable - HUD	63,311
Accounts receivable - other	14,632
Subtotal	$ 78,053
Interfund	5,539
Total	$ 83,592

Note 6 - Investments

At March 31, 2009 investments consist of the following:

	Rate	Cost	Fair Value
Certificates of deposit	3.00-5.16%	$ 494,320	$ 494,320

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	$ 26,712
Other	10,200
Total	$ 36,912

Note 8 - Fixed Assets

Balance as of March 31, 2009	$ 8,023,738
Balance as of March 31, 2008	7,712,540
Net Increase (Decrease)	$ 311,198

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 8 - Fixed Assets (Continued)

Reconciliation

Additions	$ 463,897	
Prior period basis adjustment	369,687	
Current year depreciation expense	-522,386	*
Net Increase (Decrease)	$ 311,198	

Analysis	04/01/2008 Balance	Additions/ Transfers	Deletions/ Transfers	03/31/2009 Balance
Land	$ 131,925	$ 0	$ 0	$ 131,925
Buildings	14,612,813	512,857	0	15,125,670
Equipment and furniture	780,240	0	481,138	299,102
Leasehold improvements	269,051	22,363	0	291,414
Construction in progress	318,979	390,851	287,322	422,508
Subtotal	$ 16,113,008	$ 926,071	$ 768,460	$ 16,270,619
Accumulated depreciation	-8,400,468	-522,386 *	-675,973	-8,246,881
Total	$ 7,712,540	$ 403,685	$ 92,487	$ 8,023,738

*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	$ 2,453
Tenants security deposits	23,825
Accounts payable - other	7,415
Subtotal	$ 33,693
Interfund	5,539
Total	$ 39,232

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 10 - Notes Payable

On August 4, 1987, the U.S. Department of Housing and Urban Development (HUD) issued notice PIH 87-212 to implement the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (PL 99-272, enacted April 7, 1986). This notice states, in part, the following:

> Project debt to HUD (HUD-held notes) will be forgiven after a debt forgiveness amendment to the consolidated Annual Contributions Contract has been executed by HUD and the Public Housing Authority and after the Actual Development Cost Certificate has been included in an audit and approved.

As a part of the HUD mandated GAAP conversion and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

Note 11 - Accrued Liabilities

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

Current Portion:	
Accrued compensated absences	$ 21,565
Accrued payroll/payroll taxes	17,116
Payment in lieu of taxes	36,744
Total	$ 75,425

Note 12 - Deferred Revenues

This classification consists of the following accounts:

Tenants prepaid rent	$ 1,998
Other	23,958
Total	$ 25,956

Note 13 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2009
(CONTINUED)

Note 14 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 15 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

The Housing Authority also participates in a public entity risk pool (Housing Authority Risk Retention Group) for general liability coverage. For insured programs there has been no significant reduction in insurance coverages or the risk pool coverage in the current or past three years.

Note 16 - Economic Dependency

The Housing Authority received most of its revenue (62%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 17 - Subsequent Events

As of April 1, 2009 the PHA will no longer administer the Housing Choice Voucher Program. The PHA will be closing the program and transferring out all reserves related to the program.

Note 18 Contracts/Commitments

As of September 30, 2009, the Housing Authority had entered into the following pending construction projects in progress:

	Funds Approved	Funds Expended To Date
CFP 501-07 CFP	$ 335,338	$ 323,430
CFP 501-08 CFP	363,520	181,612
CFP 501-09 CFP	363,095	0
CFP 501-09 CFRG	460,144	0
Total	$ 1,522,097	$ 505,042

SUPPLEMENTAL DATA

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE TWELVE MONTHS ENDED MARCH 31, 2009

Federal Grantor/Program	Federal CFDA Number	Contract Number	Grant Period	Program Amount	Receipts or Revenue Recognized	Disbursements/ Expenditures
U.S. Department of HUD						
Direct Programs:						
Public and Indian Housing*	14.850a	C-940	FYE 03/31/09	$ 474,006	$ 474,006	$ 474,006
Public Housing - Capital Fund*	14.872	C-940	FYE 03/31/09	$ 698,858	$ 452,932	$ 452,932
Housing Choice Vouchers	14.871	C-940V	FYE 03/31/09	$ 146,969	$ 146,969	$ 146,969
Total Housing Assistance				$ 1,319,833	$ 1,073,907	$ 1,073,907

*Denotes major program.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED MARCH 31, 2009

Note 1: Expenditures to the Housing Choice Voucher Program are reported equal to revenues recognized. This method of expenditure recognition does not reconcile to the Housing Authority's financial statements, but is required by HUD.

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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
Sullivan Housing Authority
Sullivan, Indiana

I have audited the financial statements of the governmental activities of Sullivan Housing Authority as of and for the year ended March 31, 2009, which collectively comprise the Sullivan Housing Authority's basic financial statements and have issued my report thereon dated December 17, 2009. 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 Sullivan Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Sullivan Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sullivan Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sullivan Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Sullivan Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sullivan Housing Authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulation, 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 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 we reported to management of Sullivan Housing Authority, in a separate letter dated December 17, 2009.

This reported in intended solely for the information of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pamela J. Simpson

Certified Public Accountant

Decatur, Illinois
December 17, 2009

PAMELA J. SIMPSON, C.P.A.
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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Sullivan Housing Authority
Sullivan, Indiana

Compliance

I have audited the compliance of Sullivan Housing Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2009. Sullivan Housing Authority'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 Sullivan Housing Authority's management. My responsibility is to express an opinion on Sullivan Housing Authority'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 Sullivan Housing Authority'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 of Sullivan Housing Authority's compliance with those requirements.

In my opinion, Sullivan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009. However, the results of my auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Sullivan Housing Authority in a separate letter dated December 17, 2009.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pamela J. Simpson

Certified Public Accountant

Decatur, Illinois
December 17, 2009

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended March 31, 2008 contained no findings.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2009

Section I - Summary of Auditor's Results

Low Risk Auditee X____ yes ______ no

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? ______ yes X_____ no
* Significant deficiency (ies) identified that are not considered to be material weaknesses? ______ yes X_____ none reported

Noncompliance material to financial statements noted ______ yes X_____ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? ______ yes X_____ no
* Reportable condition(s) identified that are not considered to be material weaknesses? ______ yes X_____ none reported

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

Major Programs: (Threshold $300,000)	CFDA Number(s)
Public and Indian Housing	14.850a
Capital Funds Program	14.872

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

FINDINGS, RECOMMENDATIONS AND REPLIES

Section II - Financial Statement Findings

There were no audit findings discussed with Donald Hunt, Executive Director or Carol Rhoades, during the course of the audit or at an exit conference held December 17, 2009.

Section II - Federal Award Findings

There were no audit findings discussed with Donald Hunt, Executive Director or Carol Rhoades, during the course of the audit or at an exit conference held December 17, 2009.

SULLIVAN HOUSING AUTHORITY
SULLIVAN, INDIANA

SCHEDULE OF ADJUSTING JOURNAL ENTRIES
MARCH 31, 2009

Low Rent	Audit Account Number	Debit	Credit	Posting Account Number
(1)				
General fund cash	1111.01	$ 360.00		1111.01
Other sundry	4190		$ 360.00	2810.512
(To correct posting of prior year audit adjustment #1; it got posted twice in the FY)				
(2)				
General fund investments	1145	$ 4,435.89		1145
Interest income	3610		$ 4,435.89	2810.512
(To set up accrued interest receivable)				
(3)				
Insurance expense	4510	$ 3,193.19		2810.512
Health insurance withholding	1211		$ 3,193.19	1211
(To correct withholding accounts per analysis of current and subsequent payments)				
(4)				
Elevator maintenance	4430.02	$ 2,236.18		2810.512
Other deferred charges	1290		$ 2,236.18	1290
(To adjust to actual per ck #10241 to KONE for elevator maintenance)				
Voucher				
(1)				
Cash	1111.01	$ 10,163.00		1111.01
HAP	4715.010		$ 10,163.00	2810.001
(To correct double posting of HAP checks paid)				
(2)				
HUD subsidy HAP	3410	$ 7,415.00		2810.001
Accounts payable - other	----		$ 7,415.00	----
(To adjust for final estimated settlement)				

Sullivan Housing Authority (IN034)
SULLIVAN, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2009

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	$37,687	$8,409	$46,096		$46,096
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		$7,228	$7,228		$7,228
114 Cash - Tenant Security Deposits	$23,825		$23,825		$23,825
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$61,512	$15,637	$77,149	$0	$77,149
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	$63,311		$63,311		$63,311
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	$14,632		$14,632		$14,632
126 Accounts Receivable - Tenants	$110		$110		$110
126.1 Allowance for Doubtful Accounts -Tenants	$0	$0	$0		$0
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	$4,436		$4,436		$4,436
120 Total Receivables, Net of Allowances for Doubtful Accounts	$82,489	$0	$82,489	$0	$82,489
131 Investments - Unrestricted	$494,302		$494,302		$494,302
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	$36,912		$36,912		$36,912
143 Inventories	$1,029		$1,029		$1,029
143.1 Allowance for Obsolete Inventories	$0		$0		$0
144 Inter Program Due From	$5,539		$5,539	-$5,539	$0
145 Assets Held for Sale					
150 Total Current Assets	$681,783	$15,637	$697,420	-$5,539	$691,881
161 Land	$131,925		$131,925		$131,925
162 Buildings	$15,125,670		$15,125,670		$15,125,670
163 Furniture, Equipment & Machinery - Dwellings	$137,737		$137,737		$137,737
164 Furniture, Equipment & Machinery - Administration	$161,365		$161,365		$161,365
165 Leasehold Improvements	$291,414		$291,414		$291,414
166 Accumulated Depreciation	-$8,246,881		-$8,246,881		-$8,246,881
167 Construction in Progress	$422,508		$422,508		$422,508
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$8,023,738	$0	$8,023,738	$0	$8,023,738
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	$8,023,738	$0	$8,023,738	$0	$8,023,738
190 Total Assets	$8,705,521	$15,637	$8,721,158	-$5,539	$8,715,619

Sullivan Housing Authority (IN034)

SULLIVAN, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2009

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$2,453	$7,415	$9,868		$9,868
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	$17,116		$17,116		$17,116
322 Accrued Compensated Absences - Current Portion	$21,565		$21,565		$21,565
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	$36,744		$36,744		$36,744
341 Tenant Security Deposits	$23,825		$23,825		$23,825
342 Deferred Revenues	$25,956		$25,956		$25,956
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		$5,539	$5,539	-$5,539	$0
348 Loan Liability - Current					
310 Total Current Liabilities	$127,659	$12,954	$140,613	-$5,539	$135,074
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	$0	$0	$0	$0	$0
300 Total Liabilities	$127,659	$12,954	$140,613	-$5,539	$135,074
508.1 Invested In Capital Assets, Net of Related Debt	$8,023,738		$8,023,738		$8,023,738
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets		$7,228	$7,228		$7,228
512.1 Unrestricted Net Assets	$554,124	-$4,545	$549,579		$549,579
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	$8,577,862	$2,683	$8,580,545	$0	$8,580,545
600 Total Liabilities and Equity/Net Assets	$8,705,521	$15,637	$8,721,158	-$5,539	$8,715,619

Sullivan Housing Authority (IN034)
SULLIVAN, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 | Fiscal Year End: 03/31/2009

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$606,176		$606,176		$606,176
70400 Tenant Revenue - Other	$284		$284		$284
70500 Total Tenant Revenue	$606,460	$0	$606,460	$0	$606,460
70600 HUD PHA Operating Grants	$536,087	$146,969	$683,056		$683,056
70610 Capital Grants	$390,851		$390,851		$390,851
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			$0	$0	$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	$20,392		$20,392		$20,392
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	$23,575		$23,575		$23,575
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		$126	$126		$126
70000 Total Revenue	$1,577,365	$147,095	$1,724,460	$0	$1,724,460
91100 Administrative Salaries	$176,816	$19,926	$196,742		$196,742
91200 Auditing Fees	$4,665		$4,665		$4,665
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	$5,597		$5,597		$5,597
91500 Employee Benefit contributions - Administrative	$57,193	$9,999	$67,192		$67,192
91600 Office Expenses	$21,676		$21,676		$21,676
91700 Legal Expense	$1,356		$1,356		$1,356
91800 Travel	$56		$56		$56
91810 Allocated Overhead					
91900 Other	$32,726	$54	$32,780		$32,780
91000 Total Operating - Administrative	$300,085	$29,979	$330,064	$0	$330,064
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	$4,678		$4,678		$4,678
92500 Total Tenant Services	$4,678	$0	$4,678	$0	$4,678
93100 Water	$26,555		$26,555		$26,555
93200 Electricity	$122,586		$122,586		$122,586
93300 Gas	$17,242		$17,242		$17,242
93400 Fuel					
93500 Labor					
93600 Sewer	$53,991		$53,991		$53,991
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	$16,796		$16,796		$16,796
93000 Total Utilities	$237,170	$0	$237,170	$0	$237,170

Sullivan Housing Authority (IN034)

SULLIVAN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2009

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	$169,453		$169,453		$169,453
94200 Ordinary Maintenance and Operations - Materials and Other	$66,416		$66,416		$66,416
94300 Ordinary Maintenance and Operations Contracts	$154,474		$154,474		$154,474
94500 Employee Benefit Contributions - Ordinary Maintenance	$86,141		$86,141		$86,141
94000 Total Maintenance	$476,484	$0	$476,484	$0	$476,484
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$0	$0	$0	$0	$0
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance	$62,181		$62,181		$62,181
96100 Total insurance Premiums	$62,181	$0	$62,181	$0	$62,181
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	$36,744		$36,744		$36,744
96400 Bad debt - Tenant Rents	$319		$319		$319
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	$37,063	$0	$37,063	$0	$37,063
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$1,117,661	$29,979	$1,147,640	$0	$1,147,640
97000 Excess of Operating Revenue over Operating Expenses	$459,704	$117,116	$576,820	$0	$576,820
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		$136,556	$136,556		$136,556
97350 HAP Portability-In					
97400 Depreciation Expense	$522,386		$522,386		$522,386
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$1,640,047	$166,535	$1,806,582	$0	$1,806,582

Sullivan Housing Authority (IN034)
SULLIVAN, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2009

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$62,682	-$19,440	-$82,122	$0	-$82,122
11020 Required Annual Debt Principal Payments	$0	$0	$0		$0
11030 Beginning Equity	$8,270,857	$22,123	$8,292,980		$8,292,980
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$369,687	$0	$369,687		$369,687
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		-$4,545	-$4,545		-$4,545
11180 Housing Assistance Payments Equity		$7,228	$7,228		$7,228
11190 Unit Months Available	3060	600	3660		3660
11210 Number of Unit Months Leased	2851	489	3340		3340
11270 Excess Cash	$516,183		$516,183		$516,183
11610 Land Purchases	$0		$0		$0
11620 Building Purchases	$401,802		$401,802		$401,802
11630 Furniture & Equipment - Dwelling Purchases	$0		$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0		$0		$0
11650 Leasehold Improvements Purchases	$0		$0		$0
11660 Infrastructure Purchases	$0		$0		$0
13510 CFFP Debt Service Payments	$0		$0		$0
13901 Replacement Housing Factor Funds	$0		$0		$0

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Board of Commissioners
Sullivan Housing Authority
Sullivan, Indiana

In planning and performing my audit of the financial statements of Sullivan Housing Authority as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sullivan Housing Authority 's internal control. Accordingly, I do not express an opinion on the effectiveness of Sullivan Housing Authority 's internal control.

The administration of the Housing Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies and strengthen internal controls:

1. During a review of a sample of the Public Housing files it was noted that some tenants admitted during the year had income in excess of low income levels. The Housing Authority must maintain documentation of the number of tenants admitted and housed that exceed income levels. This documentation should also document that there were no tenants on the waiting lists as the time of admission that met the low income criteria.

2. While reviewing a sample of the PHA's purchasing it was noted that the PHA did not retain the documentation of quotes obtained on purchases over $1,000. It was in board minutes that quotes where obtained but PHA could not provide the documented quotes. The housing authority should adopt a procedure/policy that outlines the preferred method of documenting and retaining all quotes obtained.

3. HUD regulations require the Housing Authority to obtain a fully executed form HUD 51999. During my review of current depositories, I noted that the housing authority did not have a current executed form from at least one financial institution holding agency funds. I recommend that the Authority execute new depository agreements with all new financial institutions and for any that have undergone ownership or name changes.

This communication is intended solely for the information and used of management, the Board of Commissioners, and others within the housing authority, and is not intended to be and should not be used by anyone other than these specified parties. Please feel free to contact me if you have any questions.

Pamela J. Simpson

Certified Public Accountant

Decatur, Illinois
December 17, 2009