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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

May 23, 2019

Board of Commissioners
Housing Authority of the City of Seymour
309 North Chestnut Street
Seymour, IN 47274

We have reviewed the audit report opined on by Goldie Roberts, CPA, for the period April 1, 2017 to March 31, 2018. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Seymour as of March 31, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF SEYMOUR

AUDITED FINANCIAL STATEMENTS

Seymour, Indiana

March 31, 2018

Goldie Roberts

Certified Public Accountant

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

HOUSING AUTHORITY
OF THE CITY
OF SEYMOUR

SEYMOUR, INDIANA
MARCH 31, 2018

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 Revenues, Expenses and Changes in Fund Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
 <u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Financial Data Schedule	14
Notes to Supplemental Financial Information	19
 <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>	20
Schedule of Findings and Responses	22

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Housing Authority of The City of Seymour ("the Authority") which comprise the Statement of Net Position as of March 31, 2018, and the related Statements of Revenues, Expenses and Changes in Fund 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, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 iv 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.

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 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.

In regard to, the Financial Data Schedule and the other supplemental information as listed in the table of contents, 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. Such 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 Financial Data Schedule and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 23, 2018 on my consideration of the Housing Authority of The City of Seymour's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of The City of Seymour's internal control over financial reporting and compliance.

Certified Public Accountant

Fredericksburg, Indiana
October 23, 2018

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis

March 31, 2018

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.

Financial Highlights

The most significant changes on the 2018 financial statements were in assets and changes in net position.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods like 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 assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities like those found in the private business sector where the determination of net position is necessary or useful to 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 balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance for year-end March 31, 2018.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain property (meets HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered costs through its rental fees and other charges. It can also be used to measure profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also 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.

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis March 31, 2018

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

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

Financial Analysis

One of the most important questions concerning finances is the following; "Is the Housing Authority as a whole better, or worse, off because of the achievements of the reported fiscal year?" The purpose of the information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on March 31, 2018. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues generated, and the expenses incurred in operating the Housing Authority for the year-ended March 31, 2018.

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

Net Position

March 31,

Current Assets	\$	12,030	\$	29,133	\$	(17,103)	-58.71%
Capital Assets, Net		<u>14,186</u>		<u>17,782</u>		<u>(3,596)</u>	<u>-20.22%</u>
Total Assets		<u>26,216</u>		<u>46,915</u>		<u>(20,699)</u>	<u>-44.12%</u>
Current Liabilities		2,124		1,986		138	6.95%
Noncurrent Liabilities		<u>5,905</u>		<u>5,905</u>		<u>0</u>	<u>0.00%</u>
Total Liabilities		<u>8,029</u>		<u>7,891</u>		<u>138</u>	<u>1.75%</u>
Investment in Capital Assets		14,186		17,782		(3,596)	-20.22%
Restricted Net Position		4,701		11,536		(6,835)	-59.25%
Unrestricted Net Position		<u>(700)</u>		<u>9,706</u>		<u>(10,406)</u>	<u>-107.21%</u>
Total Net Position	\$	<u>18,187</u>	\$	<u>39,024</u>	\$	<u>(20,837)</u>	<u>-53.40%</u>

Housing Authority of the City of Seymour
Seymour, Indiana

Management's Discussion and Analysis
March 31, 2018

Capital Assets

(Net of Accumulated Depreciation)

March 31,

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Furniture & Equipment – Admin	\$ 38,906	\$ 38,906	\$ 0	0.00%
Accumulated Depreciation	<u>(24,720)</u>	<u>(21,124)</u>	<u>(3,596)</u>	<u>17.02%</u>
Net Capital Assets	<u>\$ 14,186</u>	<u>\$ 17,782</u>	<u>\$ (3,596)</u>	<u>-20.22%</u>

Net Position

Total operating expenses exceeded total revenue and annual depreciation exceeded capital additions which decreased total assets. Total liabilities increased due to accrued wage/payroll taxes payables.

Total Net Position

The balance in total net position, \$18,187, was the compilation of revenues, expenses, and capital expenditures accumulated during the life of the Housing Authority. Current year expenses (\$608,660) exceeded revenues (\$587,823) by \$20,837 which resulted in a decrease in equity (net position).

Changes in Net Position

For the Year Ended March 31

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Federal Grants & Subsidy	\$ 586,295	\$ 600,950	\$ (14,655)	-2.44%
Other Income	<u>1,528</u>	<u>1,182</u>	<u>346</u>	<u>29.27%</u>
Total Revenue	<u>587,823</u>	<u>602,132</u>	<u>(14,309)</u>	<u>-2.38%</u>
Expenses:				
Administrative	79,274	76,594	2,680	3.50%
Routine Maintenance	29	0	29	100.00%
General	5,168	4,968	200	4.03%
Housing Assistance Payments	520,593	510,028	10,565	2.07%
Depreciation	<u>3,596</u>	<u>3,561</u>	<u>35</u>	<u>0.98%</u>
Total Operating Expenses	<u>608,660</u>	<u>595,151</u>	<u>13,509</u>	<u>2.27%</u>
Increase (Decrease) in Net Position	<u>\$ (20,837)</u>	<u>\$ 6,981</u>	<u>\$ (27,818)</u>	<u>-398.48%</u>

Housing Authority of the City of Seymour

Seymour, Indiana

Management's Discussion and Analysis
March 31, 2018

Changes in Net Position

In 2017 the Authority received more Housing Assistance Payments and admin fee revenues as compared to 2018 which decreased total revenue. Total operating expenses increased due to increases in costs per unit leased and administrative salaries. The net effect was a decrease in changes in net position.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

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 Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact Jerilyn Wells, Executive Director, Housing Authority of the City of Seymour, 309 North Chestnut Street, Seymour, IN 47274, telephone number (812) 524-2152.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF NET POSITION
MARCH 31, 2018

	Annual Contributions Contract C-2018 Section 8 Vouchers
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 7,320
Restricted cash	4,701
Accounts receivable	0
Prepaid expenses	9
Total Current Assets	12,030
Capital Assets, net	14,186
Total Assets	26,216
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accounts payable	0
Accrued liabilities	2,124
Unearned Revenue	0
Total Current Liabilities	2,124
<u>Non Current liabilities</u>	
Non current compensated absences	5,905
Total Noncurrent Liabilities	5,905
Total Liabilities	8,029
<u>NET POSITION</u>	
Investment in capital assets	14,186
Restricted	4,701
Unrestricted	(700)
Total Net Position	\$ 18,187

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

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2018

	Annual Contributions Contract <u>C-2018</u> Section 8 <u>Vouchers</u>
<u>OPERATING REVENUES</u>	
Other income	\$ 1,528
TOTAL OPERATING REVENUE	<u>1,528</u>
<u>OPERATING EXPENSES</u>	
Administrative	79,274
General expense	5,197
Housing assistance payments	520,593
Depreciation expense	<u>3,596</u>
TOTAL OPERATING EXPENSES	<u>608,660</u>
OPERATING INCOME (LOSS)	<u>(607,132)</u>
<u>NONOPERATING REVENUES</u>	
Federal grants	586,295
Investment income	<u>0</u>
TOTAL NONOPERATING REVENUES	<u>586,295</u>
CHANGE IN NET POSITION	(20,837)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>39,024</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 18,187</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 1,528
Payments to vendors	(18,198)
Payments to landlords	(520,593)
Payments to employees	(62,826)
Net Cash Used by Operating Activities	<u>(600,089)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	586,295
Net Cash Flows Provided by Noncapital Financing Activities	<u>586,295</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	0
Net Cash Flows Provided by Investing Activities	<u>0</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

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

Net Increase (Decrease) in Cash and Cash Equivalents (13,794)

Cash - Beginning of year 25,815

Cash - End of year \$ 12,021

Reconciliation to Statement of Position

Cash and Cash Equivalents	\$ 7,320
Restricted Cash and Cash Equivalents	4,701
Total Cash and Cash Equivalents	<u>\$ 12,021</u>

Continued

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018
(CONTINUED)

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

Operating income (loss)	\$ (607,132)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	3,596
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	0
Prepaid expenses	3,309
Increase (Decrease) in:	
Accrued payables and liabilities	138
Net Cash Flows Provided (Used)	<u>138</u>
by Operating Activities	<u>(600,089)</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, 2018

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 155 units in management at March 31, 2018:

<u>Project</u>	<u>Units</u>
Vouchers	<u>155</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 Revenues, Expenses and Changes in Fund 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.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018
(Continued)

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

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:

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.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018
(Continued)

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

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.

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

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, 2018.

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.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018
(Continued)

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

Operating and Non-operating Revenues

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income and unusual revenues are classified as non-operating revenues.

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.

NOTE B - Deposits, Cash and Cash Equivalents:

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, 2018, 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.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

Deposits made in accordance with state statute (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any federal deposit insurance agency.

The carrying amounts of the Authority's cash deposits were \$25,815 at March 31, 2018. Bank balances before reconciling items were \$26,949 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	<u>\$ 12,021</u>
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NOTE C - Prepaid Expenses:

Prepaid expenses at March 31, 2018, consist of the following:

Prepaid insurance	<u>\$ 9</u>
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NOTE D - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 03/31/17	Increases	Decreases	Transfers	Ending Balance 03/31/18
Capital Assets, being depreciated:					
Furniture, Equipment & Machinery	\$ 38,906	\$ 0	\$ 0	\$ 0	\$ 38,906
Total Capital Assets, being depreciated	38,906	0	0	0	38,906
Less Accumulated Depreciation:	(21,124)	(3,596)	0	0	(24,720)
Total Capital Assets, being depreciated, net	17,782	(3596)	0	0	12,021
Capital Assets, Net	\$ 17,782	\$(3596)	\$ 0	\$ 0	\$ 12,021

For the year ended March 31, 2018, depreciation expense in the amount of \$3,561 was recorded.

NOTE E - Accrued liabilities:

Accrued liabilities at March 31, 2018, consist of the following:

Accrued wages and payroll taxes	\$ 1,468
Compensated absences	<u>656</u>
	<u>2,124</u>

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE F - Noncurrent Liabilities:

Noncurrent liabilities at March 31, 2018, consist of the following:

	<u>03/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/18</u>	<u>Due within one year</u>	<u>Total due</u>
Accrued compensated absences	\$ 5,905	\$ 0	\$ 0	\$ 5,905	\$ 656	\$ 6,561

NOTE G - 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 \$ 586,295

NOTE H - Commitments and Contingencies:

Litigation: At March 31, 2018, 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, 2018.

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 I - 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 J - 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.

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE 0 - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through October 23, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$7,320	\$7,320	\$7,320
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$4,701	\$4,701	\$4,701
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$12,021	\$12,021	\$12,021
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$9	\$9	\$9
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$12,030	\$12,030	\$12,030
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$38,906	\$38,906	\$38,906
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$24,720	-\$24,720	-\$24,720
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$14,186	\$14,186	\$14,186
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	\$14,186	\$14,186	\$14,186
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$26,216	\$26,216	\$26,216
311 Bank Overdraft			
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1,468	\$1,468	\$1,468
322 Accrued Compensated Absences - Current Portion	\$656	\$656	\$656
324 Accrued Contingency Liability			

325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government			
341	Tenant Security Deposits			
342	Unearned Revenue			
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$2,124	\$2,124	\$2,124
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	\$5,905	\$5,905	\$5,905
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities			
350	Total Non-Current Liabilities	\$5,905	\$5,905	\$5,905
300	Total Liabilities	\$8,029	\$8,029	\$8,029
400	Deferred Inflow of Resources			
508.4	Net Investment in Capital Assets	\$14,186	\$14,186	\$14,186
511.4	Restricted Net Position	\$4,701	\$4,701	\$4,701
512.4	Unrestricted Net Position	-\$700	-\$700	-\$700
513	Total Equity - Net Assets / Position	\$18,187	\$18,187	\$18,187
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$26,216	\$26,216	\$26,216

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	14,871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$586,295	\$586,295	\$586,295
70810 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$1,528	\$1,528	\$1,528
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$587,823	\$587,823	\$587,823
91100 Administrative Salaries	\$58,109	\$58,109	\$58,109
91200 Auditing Fees	\$4,070	\$4,070	\$4,070
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$4,717	\$4,717	\$4,717
91600 Office Expenses	\$6,024	\$6,024	\$6,024
91700 Legal Expense			
91800 Travel	\$593	\$593	\$593
91810 Allocated Overhead			
91900 Other	\$5,761	\$5,761	\$5,761
91000 Total Operating - Administrative	\$79,274	\$79,274	\$79,274
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts	\$29	\$29	\$29

94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$29	\$29	\$29
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance	\$3,318	\$3,318	\$3,318
96130 Workmen's Compensation			
96140 All Other Insurance	\$1,850	\$1,850	\$1,850
96100 Total Insurance Premiums	\$5,168	\$5,168	\$5,168
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$84,471	\$84,471	\$84,471
97000 Excess of Operating Revenue over Operating Expenses	\$503,352	\$503,352	\$503,352
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$520,593	\$520,593	\$520,593
97350 HAP Portability-In			
97400 Depreciation Expense	\$3,596	\$3,596	\$3,596
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$608,660	\$608,660	\$608,660
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$20,837	-\$20,837	-\$20,837
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$39,024	\$39,024	\$39,024
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	\$13,486	\$13,486	\$13,486
11180	Housing Assistance Payments Equity	\$4,701	\$4,701	\$4,701
11190	Unit Months Available	1841	1841	1841
11210	Number of Unit Months Leased	1825	1825	1825
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

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2018

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments from operating activities, includes investment revenue and revenue, in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

Goldie Roberts

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, 2018, 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 October 23, 2018.

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
October 23, 2018

Certified Public Accountant

HOUSING AUTHORITY OF THE CITY OF SEYMOUR
Seymour, Indiana

MARCH 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT AUDIT FINDINGS

No matters were reported.