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May 21, 2013

Board of Directors
Bloomfield Housing Authority
100 W. Main, Box 801
Bloomfield, IN 47424

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2008 to December 31, 2008. 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 Bloomfield Housing Authority, as of December 31, 2008 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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED DECEMBER 31, 2008

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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PAMELA J. SIMPSON, C.P.A.

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Independent Auditor's Report

Board of Directors
Bloomfield Housing Authority
Bloomfield, Indiana

I have audited the accompanying financial statements of Bloomfield Housing Authority, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bloomfield Housing Authority, as of December 31, 2008 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 September 22, 2009, on my consideration of the Bloomfield Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10, are not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements of the Bloomfield 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 financial statements of the Bloomfield Housing 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 Bloomfield Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.



Certified Public Accountant

Decatur, Illinois
September 22, 2009

Management's Discussion and Analysis

As management of the Housing Authority of the City of Bloomfield, 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 December 31, 2008. 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, Housing Authority of the City of Bloomfield.

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 Fund 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.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. One can think of the Authority's net assets as the difference between what the Authority own's (assets) to what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authorities net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of Bloomfield:

Low Income Public Housing (LIPH)

The Housing Authority owns 92 units at 2 sites in Bloomfield. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Section 8 Housing Choice Vouchers (Section 8 Vouchers)

HUD has contracted with the Housing Authority support for 50 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to Landlords for Low Income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

Capital Fund/Comprehensive Grant Program (CFP/CGP)

These grant programs are awarded by HUD on an annual basis. The purpose of these grants is to improvement the Authority's sites and the management of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to full expend an annual award.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2009 that will significantly affect the Authority's Net Assets either positively or negatively.

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Assets (Statement of Net Assets)

Total Assets for FYE 2008 was \$2,172,135 and at FYE 2007 the amount was \$2,310,597. This represents a net decrease of \$138,462.

Cash increased by \$39,533 or 42%. Cash increased because the Authority had more income through leased up units.

Other Current Assets increased by \$10,118. The Authority has an increase in receivables from HUD.

Capital Assets decreased by \$188,113. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased 67%. The major cause of this was an increase in vendor payable and PILOT liability.

The table on the below illustrates our analysis:

	2008	2007	Net Change	Percent Variance
Cash	134,575	95,042	39,533	42%
Other Current Assets	59,771	49,653	10,118	20%
Capital Assets	1,977,789	2,165,902	-188,113	-9%
Non Current Assets	0	0	0	0%
Total Assets	2,172,135	2,310,597	-138,462	-6%
Current Liabilities	68,138	40,753	27,385	67%
Long Term Liabilities	0	0	0	0%
Total Liabilities	68,138	40,753	27,385	67%
Net Invested in Capital Assets	1,977,789	2,165,902	-188,113	-9%
Restricted Net Assets	52,097	36,698	15,399	42%
Unrestricted Net Assets	74,111	67,244	6,867	10%
Total Net Assets	2,103,997	2,269,844	-165,847	-7%

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2008

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2008 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	401,305
Section 8 Vouchers	170,684
Capital Fund/Comprehensive Grant Program	108,876

Total revenues for Fiscal Year Ending December 31, 2008 were \$680,865 as compared to the total revenues for Fiscal Year Ending December 31, 2007 of \$640,453. Comparatively, Fiscal Year Ending 2008 revenues increased from Fiscal Year Ending 2007 revenues by \$40,412.

	2008	2007	Net Change	Percentage Change
Total Tenant Revenue	215,050	188,493	26,557	14%
HUD Operating Grants	383,929	367,708	16,221	4%
HUD Capital Grants	67,227	82,477	-15,250	-19%
Investment Income	2,046	2,130	-84	-4%
Other Revenue	12,613	-355	12,968	-3653%
Total Revenue	<u>680,865</u>	<u>640,453</u>	<u>40,412</u>	<u>6%</u>

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2008

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Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2008 were \$846,712 as compared to \$819,522 of total expenditures for Fiscal Year Ending December 31, 2007. Comparatively, Fiscal Year Ending 2008 expenditures increased from Fiscal Year Ending 2007 expenditures by \$27,190. Changes by major expense category will be presented below.

Administrative expenditures increased by \$13,825 or 7%. The major cause for this increase is the Authority expended more for administrative salaries.

Tenant Services expenditures increased by \$49 or 12%.

Utilities increased by \$6,339 or 6%. Electric costs increased by \$4,523 and gas increased by \$3,662, water and sewer decreased.

Maintenance expenditures increased by \$4,788 or 5%. The major cause for this increase is the Authority expended more for maintenance materials.

Extraordinary Maintenance decreased by \$1,130. The Authority used capital fund money for major projects.

Housing Assistance Payments decreased by \$11,610 or 8%. Leased units for the Voucher Program decreased by 55 units from fiscal year 2007.

The table on the below illustrates our analysis:

	2008	2007	Net Change	Percent Variances
Administrative	207,544	193,719	13,825	7%
Tenant Services	459	410	49	12%
Utilities	110,552	104,213	6,339	6%
Maintenance	101,307	96,519	4,788	5%
General Expense	40,274	21,460	18,814	88%
Extraordinary Maintenance	0	1,130	-1,130	-100%
Housing Assistance Payments	132,727	144,337	-11,610	-8%
Depreciation Expense	253,849	257,734	-3,885	-2%
Total Expenses	<u><u>\$846,712</u></u>	<u><u>\$819,522</u></u>	<u><u>\$27,190</u></u>	<u><u>3%</u></u>

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 expended theses funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budget is equal to the actual expense.

Housing Authority Budgetary Highlights

Results of Operations

Management prepared a budget that anticipated a loss of \$66,388. Actual results of operation reflected a loss of \$165,847.

Tenant Rental Revenues was over budget by \$13,520 or 7%. Units leased for the Public Housing Program increased by 5%. This is lower than what was projected in the Operating Budget.

HUD Operating Grants were over budget by \$21,478 .

Other Income was over budget by \$7,643 or 154%.

Administrative Expenses were over budget by \$99,544 or 92%.

Utilities were over budget by \$12,552 or 13%. The cost of electricity was more than budgeted.

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2008

	Budget	Actual	Variance	Percent Variances
Tenant Revenue	201,530	215,050	-13,520	-7%
HUD Operating Grants	362,451	383,929	-21,478	-6%
HUD Capital Grants	67,227	67,227	0	0%
Investment Income	1,700	2,046	-346	-17%
Other Revenue	4,970	12,613	-7,643	-154%
Total Revenue	637,878	680,865	-42,987	-7%
Administrative	108,000	207,544	-99,544	-92%
Tenant Services	800	459	341	43%
Utilities	98,000	110,552	-12,552	-13%
Maintenance	88,600	101,307	-12,707	-14%
General Expense	22,290	40,274	-17,984	-81%
Housing Assistance Payments	132,727	132,727	0	0%
Depreciation Expenses	253,849	253,849	0	0%
Total Expenses	704,266	846,712	-142,446	-20%
Net Income/(Loss)	-66,388	-165,847	99,459	-150%

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2008

ANALYSIS OF CAPITAL ASSET ACTIVITY

Buildings & Leasehold Improvements increased \$115,797 from previous year.

Furniture, Equipment & Machinery – Dwelling decreased by a net amount \$6,613 or 8%.

Furniture, Equipment & Machinery – Administration increased by a net amount \$17,746 or 11%.

Accumulated Depreciation increased by \$252,268 or 10%. This is the amount of current year depreciation expense combined with dispositions.

	2008	2007	Net Change	Percent Variance
Land	147,934	147,934	0	0%
Buildings	1,385,881	1,318,511	67,370	5%
Furniture, Equipment, & Machinery - Dwelling	80,740	87,353	-6,613	-8%
Furniture, Equipment, & Machinery - Administrative	178,414	160,668	17,746	11%
Leasehold Improvements	3,002,443	2,954,016	48,427	2%
Construction in Process	43,671	106,446	-62,775	-59%
Total Fixed Assets	4,839,083	4,774,928	64,155	1%
Accumulated Depreciation	2,861,294	2,609,026	252,268	10%
Net Fixed Assets	1,977,789	2,165,902	-188,113	-9%

OUTSTANDING DEBT

The Housing Authority had no outstanding debt for December 31, 2008 or December 31, 2007.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF NET ASSETS- PROPRIETARY FUNDS
AS OF DECEMBER 31, 2008**

ASSETS

CURRENT ASSETS

Cash	\$ 82,478
Accounts receivable (interfund eliminated)	16,093
Investments	20,000
Inventory	2,568
Deferred charges	<u>21,110</u>

Total Current Assets \$ 142,249

RESTRICTED ASSETS

Cash	\$ <u>52,907</u>
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Total Restricted Assets \$ 52,907

CAPITAL ASSETS

Land, buildings and equipment	\$ 4,839,083
Less: Accumulated depreciation	<u>-2,861,294</u>

Net Capital Assets \$ 1,977,789

Total Assets \$ 2,172,945

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 38,842
Accrued liabilities	27,457
Deferred credits	<u>1,839</u>

Total Current Liabilities \$ 68,138

NET ASSETS

Unrestricted	\$ 74,111
Restricted	52,097
Invested in capital assets	<u>1,977,789</u>

Total Net Assets \$ 2,103,997

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Operating Income

Tenant rental revenue	\$ 196,253
Tenant revenue - other	<u>18,797</u>
Total Rental Income	\$ 215,050
HUD grants - operating	383,929
Other revenue	13,652
Gain (loss) on sale of fixed assets	<u>-1,039</u>
Total Operating Income	<u>\$ 611,592</u>

Operating Expenses

Administration	\$ 207,544
Tenant services	459
Utilities	110,552
Ordinary maintenance and operation	101,307
General expense	40,274
Housing assistance payments	132,727
Depreciation	<u>253,849</u>
Total Operating Expenses	<u>\$ 846,712</u>
Net Operating Income (Loss)	\$ -235,120

Nonoperating Income (Expense)

Interest income	2,046
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Capital Contributions

Capital fund grants	<u>67,227</u>
Changes in net assets	\$ -165,847
Net assets, beginning of year	<u>2,269,844</u>
Net assets, end of year	<u>\$ 2,103,997</u>

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Operating Activities

Operating grants	\$ 378,417
Tenant revenue	221,597
Other revenue	12,613
Housing assistance payments	-132,727
Payments to employees	-163,339
Payments to suppliers and contractors	<u>-280,565</u>

Net Cash Provided (Used) by Operating Activities \$ 35,996

Investing Activities

Interest income	<u>\$ 2,046</u>
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Net Cash Provided (Used) by Investing Activities \$ 2,046

Capital and Related Financing Activities

Capital fund grants	\$ 67,227
(Additions) deletions to fixed assets	<u>-65,736</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ 1,491

Net Change in Cash \$ 39,533

Cash Balance at December 31, 2007 95,042

Cash Balance at December 31, 2008 \$ 134,575

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Reconciliation of Operating Income (Loss) to Net Cash
Provided (Used) by Operating Activities

Net operating income (loss)	\$ -235,120
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	253,849
(Increase) decrease in accounts receivable	-7,908
(Increase) decrease in deferred charges	-2,353
(Increase) decrease in inventories	143
Increase (decrease) in accounts payable	13,018
Increase (decrease) in accrued liabilities	13,457
Increase (decrease) in deferred revenues	<u>910</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 35,996</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Bloomfield Housing Authority was established by the City of Bloomfield 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 Bloomfield 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. 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 Bloomfield 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.

(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.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

© Financial Statement Presentation

Although a formal policy has not been adopted, 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
- * Housing 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.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents. This policy has not been fully adopted, but it is the practice followed.

(f) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2008, 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.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Inventories and Materials -

Inventories and materials are stated at cost which approximates market determined on a first-in, first-out basis.

(h) Investments -

Investments are stated at cost which approximates market.

(i) 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 public 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 one thousand dollars (\$1,000) 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	40	years
Equipment	5	years
Transportation equipment	5	years
Furniture and fixtures	5-10	years
Leasehold improvements	15	years

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(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 approved by the Board of Commissioners. Subsequent budget revisions must also be required to be approved.

(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.

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.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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 losses arising from increasing interest rates.

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.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 28,577	\$ 32,197
Voucher	<u>105,998</u>	<u>106,615</u>
Total	<u>\$ 134,575</u>	<u>\$ 138,812</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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.

<u>Program</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Note 3 - Compensated Absences

All employees considered full-time accrue .833 paid vacation days per month. This equals 10 days per year after one year of employment. After five years employment full-time employees are given five additional vacation days per year. After ten years employment full-time employee shall receive and additional five days per year. The Authority will not make any cash payments to employees in lieu of unused vacation or personal days except when the employee is permanently separated from employment. After termination, cash payment of unused vacation time or personal days, not to exceed 30 days, may be made. Maximum amount of vacation time and/or personal days an employee can accumulate for the cash payment after termination is 30 days. Any accumulated vacation days or personal days over the 30 days will not be paid. Sick leave is not counted towards the cash payment amount. Cash payment will not be made to an employee dismissed for cause.

All employees considered full-time shall received six days of paid sick leave each year. Maximum of accumulation of sick leave shall be thirty days. Sick days are accrued ½ day per month.

All employees considered full-time shall receive six personal leave days per year. These are earned one-half day per month. Employees can accumulate six personal days, after the six days all other days earned will go toward sick leave.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Authority provides pension benefits for all its full-time employees through a defined contribution plan with Met Life. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 13.0% of the employee's base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Authority's total pension contribution in fiscal year 2008 was \$18,720.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable (net)	\$ 2,233
Fraud recovery	4,080
Accounts receivable - HUD	9,711
Accounts receivable - other	<u>69</u>
Subtotal	\$ 16,093
Interfund	<u>10,656</u>
Total	<u>\$ 26,749</u>

Note 6 - Investments

At December 31, 2008 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	2.08-3.07%	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	<u>\$ 21,110</u>
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**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 8 - Fixed Assets

Balance as of December 31, 2008	\$ 1,977,789
Balance as of December 31, 2007	<u>2,165,902</u>
Net Increase (Decrease)	<u>\$ -188,113</u>

Reconciliation

Property betterments and additions	\$ 67,227
Dispositions of nonexpendable equipment	-1,491
Current year depreciation expense	<u>-253,849</u> *
Net Increase (Decrease)	<u>\$ -188,113</u>

<u>Analysis</u>	<u>01/01/2008 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2008 Balance</u>
Land	\$ 147,934	\$ 0	\$ 0	\$ 147,934
Buildings	1,318,511	67,370	0	1,385,881
Equipment and furniture	248,021	23,842	12,709	259,154
Leasehold improvements	2,954,016	48,712	285	3,002,443
Construction in progress	<u>106,446</u>	<u>0</u>	<u>62,775</u>	<u>43,671</u>
Total	\$ 4,774,928	\$ 139,924	\$ 75,769	\$ 4,839,083
Accumulated depreciation	<u>-2,609,026</u>	<u>1,581</u>	<u>253,849</u> *	<u>-2,861,294</u>
Net Assets	<u>\$ 2,165,902</u>	<u>\$ 141,505</u>	<u>\$ 329,618</u>	<u>\$ 1,977,789</u>

*Current year depreciation expense recognized.

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 21,855
Tenants security deposits	16,225
Payroll withholding payable	3
Accounts payable - HUD	734
Accounts payable - other	<u>25</u>
Subtotal	\$ 38,842
Interfund	<u>10,656</u>
Total	<u>\$ 49,498</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(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 consists of the following:

Current Portion:

Accrued compensated absences	\$ 18,393
PILOT	<u>9,064</u>
Total	<u>\$ 27,457</u>

Note 12 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ <u>1,839</u>
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Note 13 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on an annual basis.

Note 14 - 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.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2008
(CONTINUED)**

Note 15 - 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 16 - 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.

For insured programs there has been no significant reduction in insurance coverage. Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years.

Note 17 - Economic Dependency

The Housing Authority received most of its revenue (66%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850a	C-603	FYE 12/31/08	\$ <u>177,102</u>	\$ <u>177,102</u>	\$ <u>177,102</u>
Housing Choice Voucher Program	14.871	C-032	FYE 12/31/08	\$ <u>165,178</u>	\$ <u>165,178</u>	\$ <u>165,178</u>
Public Housing - Capital Fund	14.872	C-603	FYE 12/31/08	\$ <u>207,859</u>	\$ <u>108,876</u>	\$ <u>108,876</u>
Total Housing Assistance				\$ <u><u>550,139</u></u>	\$ <u><u>451,156</u></u>	\$ <u><u>451,156</u></u>

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED DECEMBER 31, 2008**

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.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

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
Bloomfield Housing Authority
Bloomfield, Indiana

I have audited the financial statements of Bloomfield Housing Authority as of and for the year ended December 31, 2008, which collectively comprise the Bloomfield Housing Authority's basic financial statements and have issued my report thereon dated September 22, 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 Bloomfield 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 Bloomfield Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Bloomfield 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 Bloomfield 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 Bloomfield Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Bloomfield 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 Bloomfield 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 Bloomfield 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 Bloomfield Housing Authority, in a separate letter dated September 22, 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.



Certified Public Accountant

Decatur, Illinois
September 22, 2009

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2007 contained no findings.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2008**

Section I: Summary of Auditor's Results

Low Risk Auditee _____ yes no

Financial Statements

Type of auditor's report: Unqualified

* Material weakness(es) identified? _____ yes no

* Significant deficiency (ies) identified that are not
considered to be material weaknesses? _____ yes none reported

Noncompliance material to financial statements noted _____ yes no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes no

* Significant deficiency (ies) identified that are not
considered to be material weaknesses? _____ yes none reported

Type of auditor's report issued on compliance for major programs: NONE

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

Major Programs: (Threshold \$300,000) CFDA Number(s)

NONE

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II: Financial Statements Audit Findings

There were no audit findings discussed with Sandra Owen, Deputy Director, during the course of the audit or at an exit conference held September 22, 2009.

Section III: Federal Awards Audit Findings

There were no audit findings discussed with Sandra Owen, Deputy Director, during the course of the audit or at an exit conference held September 22, 2009.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2008**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Admin subsidy	3410.01	\$ 734.00		2810.002
Accounts payable - HUD	2118		\$ 734.00	2118
(To record the admin fee payable to HUD per calculation of calendar year 2008 admin fees)				

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Board of Commissioners
Bloomfield Housing Authority
Bloomfield, Indiana

In planning and performing my audit of the financial statements of Bloomfield Housing Authority as of and for the year ended December 31, 2008, 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 Bloomfield Housing Authority 's internal control. Accordingly, I do not express an opinion on the effectiveness of Bloomfield 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. The Housing Authority's current procurement policy requires price quotes for purchases between \$1,000 - \$25,000, however the policy does not state how the quotes are to be documented. In reviewing purchases between these thresholds, no consistent method of documentation was found. I recommend that current procedures be expanded to include an acceptable, consistent form of documentation.
2. Sound accounting practices require that the Housing Authority adopt a policy regarding the classification of cash and cash equivalents vs. investments. Generally accepted accounting procedures allow investments with a maturity date of six months or less at the time of purchase to be classified as cash equivalents (as opposed to investments) in your financial statements. The housing authority has not adopted a formal policy at this time, therefore, I recommend that the agency adopt a policy that coincides with their current practice.

3. It was noted that the Housing Authority does not have a current formal policy for the review and write off of old outstanding checks. The Authority should adopt a policy that should indicate procedure for review, approval and frequency of that review and subsequent write off.
4. During the preparation of financial statements, the housing authority has designated certain revenues and certain expenditures as 'operating' revenues or 'operating' expenditures and other accounts are designated as 'non operating'. I suggest that the Housing Authority adopt a formal policy that coincides with the current practice.
5. It was noted that a five year contract for elevator maintenance expired during the fiscal year. The Housing Authority did not request new bids at the expiration of the contract. The 'old' contract was "rolled" over for another five year renewal. The procedure of renewing maintenance contract does not follow the housing authorities current procurement guidelines. These procedures should be reviewed and steps taken to prevent "automatic renewals" in the future.

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.



Certified Public Accountant

Decatur, Illinois
September 22, 2009