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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, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Bloomfield Housing Authority, as of December 31, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2009

**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, 2009, 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, 2009 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 1, 2010, 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 8, 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.

Decatur, Illinois
September 1, 2010



Certified Public Accountant

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, 2009. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, 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/Competitive Capital Fund Grant (CFP/CFRG)

These grant programs are awarded by HUD on an annual basis. The purpose of these grants is to improve 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, 2010 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 2009 was \$2,065,962 and at FYE 2008 the amount was \$2,172,135. This represents a net decrease of \$106,983.

Cash increased by \$65,384. Cash increased because the Authority received funds from Capital Fund Program and the Voucher Program not expended yet.

Other Current Assets decreased by \$26,234. The Authority decreased the amount of payable due to the Capital fund program.

Capital Assets decreased by \$146,133. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased 4%. The major cause of this was an increase in the current portion of accrued liabilities and deferred revenues.

The table on the below illustrates our analysis:

	<u>2009</u>	<u>2008</u>	<u>Variances</u>	<u>Percentage Change</u>
Cash	200,769	135,385	65,384	48%
Other Current Assets	33,537	59,771	(26,234)	-44%
Capital Assets	1,831,656	1,977,789	(146,133)	-7%
Total Assets	<u>2,065,962</u>	<u>2,172,945</u>	<u>(106,983)</u>	<u>-5%</u>
Current Liabilities	70,612	68,138	2,474	4%
Noncurrent Liabilities	0	0	0	0%
Total Liabilities	<u>70,612</u>	<u>68,138</u>	<u>2,474</u>	<u>4%</u>
Net Invested in Capital Assets	1,831,656	1,977,789	(146,133)	-7%
Restricted Net Assets	58,616	52,097	6,519	13%
Unrestricted Net Assets	105,078	74,111	30,967	42%
Total Net Assets	<u><u>1,995,350</u></u>	<u><u>2,103,997</u></u>	<u><u>(108,647)</u></u>	<u><u>-5%</u></u>

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2009

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 2009 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$424,987
Section 8 Vouchers	\$159,772
Capital Fund/Competitive Capital Fund Grant Program	\$106,590
A.R.R.A. - Formula Capital Fund Grant Program	\$73,202

Total revenues for Fiscal Year Ending December 31, 2009 were \$764,551 as compared to the total revenues for Fiscal Year Ending December 31, 2008 of \$680,865. Comparatively, Fiscal Year Ending 2009 revenues increased from Fiscal Year Ending 2008 revenues by \$83,686.

	2009	2008	Net Change	Percentage Change
Total Tenant Revenue	229,066	215,050	14,016	7%
HUD Operating Grants	399,476	383,929	15,547	4%
HUD Capital Grants	112,533	67,227	45,306	67%
Investment Income	945	2,046	-1,101	-54%
Other Revenue	22,531	12,613	9,918	79%
Total Revenue	<u>764,551</u>	<u>680,865</u>	<u>83,686</u>	<u>12%</u>

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2009

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2009 were \$882,261 as compared to \$846,712 of total expenditures for Fiscal Year Ending December 31, 2008. Comparatively, Fiscal Year Ending 2009 expenditures increased from Fiscal Year Ending 2008 expenditures by \$35,549. Changes by major expense category will be presented below.

Administrative expenditures decreased by \$16,626 or 8%. The major cause for this decrease is salaries and other expenses decreased.

Tenant Services expenditures increased by \$53 or 12%.

Utilities increased by \$3,302 or 3%. This was due to normal usage increases.

Maintenance expenditures increased by \$47,310 or 47%. The major cause for this increase is an increase in wages paid and extra material purchased.

Housing Assistance Payments decreased by \$818 or 1%.

The table on the below illustrates our analysis:

	<u>2009</u>	<u>2008</u>	<u>Variance</u>	<u>Percentage Change</u>
Administrative	190,918	207,544	(16,626)	-8%
Tenant Services	512	459	53	12%
Utilities	113,854	110,552	3,302	3%
Maintenance	148,617	101,307	47,310	47%
General Expense	37,786	40,274	(2,488)	-6%
Housing Assistance Payments	131,909	132,727	(818)	-1%
Depreciation Expense	258,665	253,849	4,816	2%
Total Expenses	<u><u>882,261</u></u>	<u><u>846,712</u></u>	<u><u>35,549</u></u>	<u><u>4%</u></u>

HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2009

ANALYSIS OF CAPITAL ASSET ACTIVITY

Furniture, Equipment & Machinery – Dwelling increased by a net amount \$17,423 or 22%.

Furniture, Equipment & Machinery – Administration decreased by a net amount \$7,757 or 4%.

Accumulated Depreciation increased by \$258,665 or 9%. This is the amount of current year depreciation expense.

Most increases were related to Capital Fund expenditures.

	2009	2008	Net Change	Percent Variance
Land	147,934	147,934	0	0.0%
Buildings	1,429,977	1,385,881	44,096	3.2%
Furniture, Equipment, & Machinery - Dwelling	98,163	80,740	17,423	21.6%
Furniture, Equipment, & Machinery - Administrative	170,657	178,414	-7,757	-4.3%
Leasehold Improvements	3,002,443	3,002,443	0	0.0%
Construction in Process	102,441	43,671	58,770	134.6%
Total Fixed Assets	4,951,615	4,839,083	112,532	2.3%
Accumulated Depreciation	3,119,959	2,861,294	258,665	9.0%
Net Fixed Assets	1,831,656	1,977,789	-146,133	-7.4%

OUTSTANDING DEBT

The Housing Authority had no outstanding debt in December 31, 2009 or December 31, 2008.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF NET ASSETS- PROPRIETARY FUNDS
AS OF DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS

Cash	\$ 142,153
Accounts receivable (interfund eliminated)	10,769
Inventory	1,899
Deferred charges	<u>20,869</u>

Total Current Assets \$ 175,690

RESTRICTED ASSETS

Cash	\$ <u>58,616</u>
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Total Restricted Assets \$ 58,616

CAPITAL ASSETS

Land, buildings and equipment	\$ 4,951,615
Less: Accumulated depreciation	<u>-3,119,959</u>

Net Capital Assets \$ 1,831,656

Total Assets \$ 2,065,962

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 34,506
Accrued liabilities	19,892
Deferred credits	<u>16,214</u>

Total Current Liabilities \$ 70,612

NET ASSETS

Unrestricted	\$ 105,078
Restricted	58,616
Invested in capital assets	<u>1,831,656</u>

Total Net Assets \$ 1,995,350

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Operating Income

Tenant rental revenue	\$ 208,061
Tenant revenue - other	<u>21,005</u>
Total Rental Income	\$ 229,066
HUD grants - operating	399,476
Other revenue	<u>22,531</u>
Total Operating Income	<u>\$ 651,073</u>

Operating Expenses

Administration	\$ 190,918
Tenant services	512
Utilities	113,854
Ordinary maintenance and operation	148,617
General expense	37,786
Housing assistance payments	131,909
Depreciation	<u>258,665</u>
Total Operating Expenses	<u>\$ 882,261</u>
Net Operating Income (Loss)	\$ -231,188

Nonoperating Income (Expense)

Interest income	945
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Capital Contributions

Capital fund grants	<u>112,533</u>
Changes in net assets	\$ -117,710
Net assets, beginning of year	2,103,997
Prior period adjustments	<u>9,063</u>
Net assets, end of year	<u>\$ 1,995,350</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, 2009**

Operating Activities

Operating grants	\$ 420,945
Tenant revenue	222,024
Other revenue	22,531
Housing assistance payments	-131,909
Payments to employees	-176,606
Payments to suppliers and contractors	<u>-311,736</u>

Net Cash Provided (Used) by Operating Activities \$ 45,249

Investing Activities

Investments (purchased) redeemed	\$ 20,000
Interest income	<u>945</u>

Net Cash Provided (Used) by Investing Activities \$ 20,945

Capital and Related Financing Activities

Capital fund grants	\$ 112,533
(Additions) deletions to fixed assets	<u>-112,533</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ 0

Net Change in Cash \$ 66,194

Cash Balance at December 31, 2008 134,575

Cash Balance at December 31, 2009 \$ 200,769

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

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

Net operating income (loss)	\$ -231,188
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	258,665
Adjustment to net assets	9,063
(Increase) decrease in accounts receivable	5,324
(Increase) decrease in deferred charges	241
(Increase) decrease in inventories	669
Increase (decrease) in accounts payable	-4,336
Increase (decrease) in accrued liabilities	-7,565
Increase (decrease) in deferred revenues	<u>14,376</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 45,249</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009**

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.

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the 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, 2009
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

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

(d) Funds -

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

- * Low Rent Public Housing
- * Housing Choice Vouchers
- * Capital Fund Program
- * American Recovery and Reinvestment Act - Formula Capital Stimulus Grant

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.

(f) Accounts Receivable -

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

(j) Net Assets -

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

- 1) Invested in capital assets, net of related debt - this component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues and unamortized debt expense reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2) Restricted - this component of net assets consist of constraints placed on net assets use through external constraints imposed by creditors, contributors or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - this component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(k) Income Tax -

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

(l) 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.

(m)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.

(n)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.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 1 - Summary of Significant Accounting Policies

- (o) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disables residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (p) Rental income is recognized as rents become due.
- (q) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2009
(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	\$ 71,881	\$ 73,873
Voucher	<u>128,888</u>	<u>129,018</u>
Total	<u>\$ 200,769</u>	<u>\$ 202,891</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

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.

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 2009 was \$19,760. Total annual payroll expense was \$165,281.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable (net)	\$ 9,275
Accounts receivable - HUD	<u>1,494</u>
Subtotal	\$ 10,769
Interfund	<u>17,451</u>
Total	<u><u>\$ 28,220</u></u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 6 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ 20,255
Other	<u>614</u>
Total	<u>\$ 20,869</u>

Note 7 - Fixed Assets

Balance as of December 31, 2009	\$ 1,831,656
Balance as of December 31, 2008	<u>1,977,789</u>
Net Increase (Decrease)	<u>\$ -146,133</u>

Reconciliation

Property betterments and additions	\$ 112,532
Current year depreciation expense	<u>-258,665</u> *
Net Increase (Decrease)	<u>\$ -146,133</u>

<u>Analysis</u>	<u>01/01/2009 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>12/31/2009 Balance</u>
Land	\$ 147,934	\$ 0	\$ 0	\$ 147,934
Buildings	1,385,881	44,096	0	1,429,977
Equipment and furniture	259,154	9,666	0	268,820
Leasehold improvements	3,002,443	0	0	3,002,443
Construction in progress	<u>43,671</u>	<u>112,532</u>	<u>53,762</u>	<u>102,441</u>
Total	\$ 4,839,083	\$ 166,294	\$ 53,762	\$ 4,951,615
Accumulated depreciation	<u>-2,861,294</u>	<u>-258,665</u>	<u>0</u>	<u>-3,119,959</u>
Net Assets	<u>\$ 1,977,789</u>	<u>\$ -92,371</u>	<u>\$ 53,762</u>	<u>\$ 1,831,656</u>

*Current year depreciation expense recognized.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 8 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 9,965
Tenants security deposits	19,435
Payroll tax withholding	5,081
Accounts payable - other	<u>25</u>
Subtotal	\$ 34,506
Interfund	<u>17,451</u>
Total	<u><u>\$ 51,957</u></u>

Note 9 - 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 10 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:

Accrued compensated absences	<u><u>\$ 19,892</u></u>
------------------------------	-------------------------

Note 11 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ 508
HUD subsidy	<u>15,706</u>
Total	<u><u>\$ 16,214</u></u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 12 - 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 calendar year basis.

Note 13 - Allocation of Costs

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

Note 14 - Contingencies

Federal Grants

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

Note 15 - Prior Period Adjustments

Prior period adjustments posted directly to surplus are detailed below:

Prior year PILOT liability/expense	\$ <u>9,063</u>
------------------------------------	-----------------

Note 16 - Contracts/Commitments

As of December 31, 2009, the Housing Authority had entered into the following pending construction projects in progress:

	Funds <u>Approved</u>	Funds Expended <u>To Date</u>
CFP 501-08	\$ 104,411	\$ 103,927
CFP 501-09	102,033	21,902
Stimulus Grant 501-09	<u>132,163</u>	<u>73,202</u>
Total	<u>\$ 338,607</u>	<u>\$ 199,031</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

Note 17 - 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 18 - Economic Dependency

The Housing Authority received most of its revenue (67%) 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, 2009**

<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 12/31/09	\$ 173,066	\$ 173,066	\$ 173,066
Housing Choice Voucher Program	14.871	C-032	FYE 12/31/09	\$ 159,151	\$ 159,151	\$ 159,151
Public Housing - Capital Fund**	14.872	C-603	FYE 12/31/09	\$ 309,892	\$ 106,590	\$ 106,590
A.R.R.A. - Formula Capital Stimulus Grant**	14.885	C-603	FYE 12/31/09	\$ 132,163	\$ 73,202	\$ 73,202
Total Housing Assistance				<u>\$ 774,272</u>	<u>\$ 512,009</u>	<u>\$ 512,009</u>

**Audited as a major program.

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

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

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, 2009, and have issued my report thereon dated September 1, 2010. 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.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 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. I consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

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 such an opinion. The results of my tests disclosed 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 1, 2010.

Bloomfield Housing Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Bloomfield Housing Authority's response and, accordingly, I express no opinion on it.

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.

Decatur, Illinois
September 1, 2010



Certified Public Accountant

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Bloomfield Housing Authority
Bloomfield, Indiana

Compliance

I have audited the compliance of Bloomfield Housing Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Bloomfield Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bloomfield Housing Authority's management. My responsibility is to express an opinion on Bloomfield Housing Authority's compliance based on my audit.

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

As described in items 2009-1 in the accompanying schedule of findings and questioned costs, Bloomfield Housing Authority, did not comply with requirements regarding verification of tenant information including income and benefit deductions that are applicable to its Low Rent program. Compliance with such requirements is necessary, in my opinion, for Bloomfield Housing Authority to comply with the requirements applicable to that program

In my opinion, except for the noncompliance described in the preceding paragraph, Bloomfield Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. The results of my auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1.

Internal Control Over Compliance

The management of Bloomfield Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Bloomfield Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB circular A-133. Accordingly I do not express an opinion on the effectiveness of Bloomfield Housing Authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and others that I consider to be material weaknesses.

A *control deficiency* is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance as described in the accompany schedule of findings and questioned costs, I consider item 2009-1 to be a significant deficiency.

A *material weakness* is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I do not consider items 2009-1 to be a material weakness.

Bloomfield Housing Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Bloomfield Housing Authority's response and accordingly, I express no opinion on it.

In addition, I noticed other matters involving the internal control and its operation that I have reported to management of Bloomfield Housing Authority in a separate letter dated September 1, 2010.

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

Decatur, Illinois
September 1, 2010


Certified Public Accountant

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

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: Qualified

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)

Public and Indian Housing	14.850a
Capital Funds Program	14.872
A.R.R.A. - Formula Capital Stimulus Grant	14.885

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

Section II: Financial Statements Audit Findings

There were no financial statement audit finding discussed with Sandra Owen, Deputy Director, during the course of the audit or at an exit conference held September 1, 2010.

Section III: Federal Awards Audit Findings

There was one audit finding discussed with Sandra Owen, Deputy Director, during the course of the audit and at an exit conference held September 1, 2010.

Finding 2009-1: Incomplete Public Housing Participant Files

Condition and Criteria: HUD regulations require that all participant files contain adequate documentation with verification to support a participant's eligibility and accurate calculation of tenant rent. During my current year test of participant eligibility (22 files examined) I noted nine instances of incomplete, unverified documentation and incorrect calculations of tenant rent in those files.

Effect: It cannot be determined if the Public Housing tenants were eligible and if their rent payments were calculated in accordance with HUD regulations.

Cause: Adequate quality control procedures had not been implemented to assure that only eligible participants were provided housing assistance. The Housing Authority's Admissions and Continued Occupancy Policy (ACOP) is also very general (and outdated) in many areas. The procedures in place did not provide adequate assurance that correct data was collected and used in accurate rent calculations for each eligible participant.

Auditor's Recommendation: The Housing Authority should review and update the ACOP immediately and periodically thereafter to make sure that it current with HUD regulations.

I recommend that quality control procedures be reviewed and revised to ensure that all required documentation is maintained in each file to support eligibility. Procedures should be developed to ensure that all intake staff are familiar with the policies established in the ACOP and that they are trained in proper procedures for applying those policies and HUD regulations.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

GRANTEE RESPONSE

Finding 2009-1: Incomplete Public Housing Participant Files

Grantee Response: The Housing Authority's Deputy Director and housing intake personnel will review the current Admissions and Continued Occupancy Policy to determine that it is up to date and current with HUD regulations and requirements. Additional reviews of files will be conducted in the future to assure that files contain complete and accurate data to support initial and annual certifications.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2009**

<u>Low Rent</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Admin salaries	4110	\$ 3,573.35		2806.512
Maintenance labor	4410	1,384.61		2806.512
Accounts receivable - VO	1295	645.00		1295
Other prepaid expenses	1290		\$ 5,602.96	1290
(To adjust for paychecks dated 1/1/2010 for 12/20/2009 - 1/2/2010 pay period)				
(2)				
Vendor payable	2111	\$ 3,344.67		2111
Federal withholding	2117.01		\$ 1,888.00	2117.01
FICA withholding	2117.02		749.49	2117.02
Medicare	2117.021		175.29	2117.021
State withholding	2117.03		411.01	2117.03
County withholding	2117.04		120.88	2117.04
(To reclassify withholding amounts)				
(3)				
Compensated absence expense	4595	\$ 8,048.86		2806.512
Salaried comp abs admin	4110.01		\$ 7,170.31	2806.512
Salaried comp abs maintenance	4410.01		878.55	2806.512
(To correct compensated absence expense to actual for year per audit)				
(4)				
PILOT	2137	\$ 19,108.12		2137
PILOT expense	4520		\$ 10,044.24	2806.512
Prior period adjustment	2806.512		9,063.88	2806.512
(To remove 2008 and 2009 PILOT for forgiveness from City)				
(5)				
Furniture, equip, mach - dwelling	1400.08	\$ 20,346.25		1400.08
Furniture, equip, mach - admin	1400.09	11,082.13		1400.09
Buildings	1400.07	70.39		1400.07
Land/building improvements	1400.10	844,526.56		1400.10
Accumulated depreciation	1400.15		\$ 578,472.81	1400.15
(Gain) loss on fixed assets	3460		297,552.52	2802.508
(To reverse JV3426)				

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2009**

<u>Voucher</u>	<u>Audit Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting Account Number</u>
(1)				
Other prepaid expenses	1290	\$ 64.50		1290
Admin salaries	4110	580.50		2810.002
Accounts payable - LR	2145.01		\$ 645.00	2145.01
(To adjust for paychecks dated 1/1/2010 for 12/20/2009 - 1/2/2010 pay period)				
(2)				
Compensated absence expense	4595		\$ 699.29	2810.002
Salaries comp absence	4110.010	\$ 699.29		2810.002
(To adjust compensated absence expense to actual per audit)				

Bloomfield Housing Authority (IN032)
BLOOMFIELD, IN
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2009

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$92,446		\$70,272	\$122,718		\$122,718
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted			\$58,616	\$58,616		\$58,616
114 Cash - Tenant Security Deposits	\$19,435			\$19,435		\$19,435
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$71,881	\$0	\$128,888	\$200,769	\$0	\$200,769
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$1,494			\$1,494		\$1,494
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$9,775			\$9,775		\$9,775
126.1 Allowance for Doubtful Accounts - Tenants	-\$500	\$0	\$0	-\$500		-\$500
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
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	\$10,769	\$0	\$0	\$10,769	\$0	\$10,769
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$20,171		\$698	\$20,869		\$20,869
143 Inventories	\$1,899			\$1,899		\$1,899
143.1 Allowance for Obsolete Inventories	\$0			\$0		\$0
144 Inter Program Due From	\$15,481	\$1,970		\$17,451	-\$17,451	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$120,201	\$1,970	\$129,586	\$251,757	-\$17,451	\$234,306
161 Land	\$147,934			\$147,934		\$147,934
162 Buildings	\$1,429,977			\$1,429,977		\$1,429,977
163 Furniture, Equipment & Machinery - Dwellings	\$98,163			\$98,163		\$98,163
164 Furniture, Equipment & Machinery - Administration	\$170,657			\$170,657		\$170,657
165 Leasehold Improvements	\$3,002,443			\$3,002,443		\$3,002,443
166 Accumulated Depreciation	-\$3,119,959			-\$3,119,959		-\$3,119,959
167 Construction in Progress	\$37,119	\$65,322		\$102,441		\$102,441
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,766,334	\$65,322	\$0	\$1,831,656	\$0	\$1,831,656
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	\$1,766,334	\$65,322	\$0	\$1,831,656	\$0	\$1,831,656
190 Total Assets	\$1,886,535	\$67,292	\$129,586	\$2,083,413	-\$17,451	\$2,065,962

Bloomfield Housing Authority (IN032)

BLOOMFIELD, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2009

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$9,865		\$100	\$9,965		\$9,965
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$5,081			\$5,081		\$5,081
322 Accrued Compensated Absences - Current Portion	\$17,954		\$1,938	\$19,892		\$19,892
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	\$19,435			\$19,435		\$19,435
342 Deferred Revenues	\$992	\$1,970	\$13,252	\$16,214		\$16,214
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$25			\$25		\$25
346 Accrued Liabilities - Other						
347 Inter Program - Due To	\$1,970		\$15,481	\$17,451	-\$17,451	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$55,322	\$1,970	\$30,771	\$88,063	-\$17,451	\$70,612
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current						
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$55,322	\$1,970	\$30,771	\$88,063	-\$17,451	\$70,612
508.1 Invested In Capital Assets, Net of Related Debt	\$1,766,334	\$65,322	\$0	\$1,831,656		\$1,831,656
509.2 Fund Balance Reserved						
511.2 Unreserved, Designated Fund Balance						
511.1 Restricted Net Assets	\$0		\$58,616	\$58,616		\$58,616
512.1 Unrestricted Net Assets	\$64,879	\$0	\$40,199	\$105,078		\$105,078
512.2 Unreserved, Undesignated Fund Balance						
513 Total Equity/Net Assets	\$1,831,213	\$65,322	\$98,815	\$1,995,350	\$0	\$1,995,350
600 Total Liabilities and Equity/Net Assets	\$1,886,535	\$67,292	\$129,586	\$2,083,413	-\$17,451	\$2,065,962

Bloomfield Housing Authority (IN032)
BLOOMFIELD, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2009

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$208,061			\$208,061		\$208,061
70400 Tenant Revenue - Other	\$21,005			\$21,005		\$21,005
70500 Total Tenant Revenue	\$229,066	\$0	\$0	\$229,066	\$0	\$229,066
70600 HUD PHA Operating Grants	\$232,445	\$7,880	\$159,151	\$399,476		\$399,476
70610 Capital Grants	\$47,211	\$65,322		\$112,533		\$112,533
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$351		\$285	\$636		\$636
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$22,504		\$27	\$22,531		\$22,531
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted			\$309	\$309		\$309
70000 Total Revenue	\$531,577	\$73,202	\$159,772	\$764,551	\$0	\$764,551
91100 Administrative Salaries	\$95,603		\$14,035	\$109,638		\$109,638
91200 Auditing Fees	\$2,985		\$1,990	\$4,975		\$4,975
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$178			\$178		\$178
91500 Employee Benefit contributions - Administrative	\$48,944		\$9,824	\$58,768		\$58,768
91600 Office Expenses	\$5,027			\$5,027		\$5,027
91700 Legal Expense	\$89			\$89		\$89
91800 Travel			\$46	\$46		\$46
91810 Allocated Overhead						
91900 Other	\$7,416		\$4,781	\$12,197		\$12,197
91000 Total Operating - Administrative	\$160,242	\$0	\$30,676	\$190,918	\$0	\$190,918
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$512			\$512		\$512
92500 Total Tenant Services	\$512	\$0	\$0	\$512	\$0	\$512

Bloomfield Housing Authority (IN032)
BLOOMFIELD, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2009

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93100 Water	\$4,240			\$4,240		\$4,240
93200 Electricity	\$42,826			\$42,826		\$42,826
93300 Gas	\$36,483			\$36,483		\$36,483
93400 Fuel						
93500 Labor						
93600 Sewer	\$30,305			\$30,305		\$30,305
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$113,854	\$0	\$0	\$113,854	\$0	\$113,854
94100 Ordinary Maintenance and Operations - Labor	\$57,575			\$57,575		\$57,575
94200 Ordinary Maintenance and Operations - Materials and Other	\$42,563			\$42,563		\$42,563
94300 Ordinary Maintenance and Operations Contracts	\$18,223	\$7,880		\$26,103		\$26,103
94500 Employee Benefit Contributions - Ordinary Maintenance	\$22,376			\$22,376		\$22,376
94000 Total Maintenance	\$140,737	\$7,880	\$0	\$148,617	\$0	\$148,617
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$16,838			\$16,838		\$16,838
96120 Liability Insurance	\$847			\$847		\$847
96130 Workmen's Compensation	\$2,960		\$640	\$3,600		\$3,600
96140 All Other Insurance	\$1,473			\$1,473		\$1,473
96100 Total Insurance Premiums	\$22,118	\$0	\$640	\$22,758	\$0	\$22,758
96200 Other General Expenses						
96210 Compensated Absences	\$9,600		\$1,292	\$10,892		\$10,892
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents	\$96		\$4,080	\$4,136		\$4,136
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$9,656	\$0	\$5,372	\$15,028	\$0	\$15,028
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$447,119	\$7,880	\$36,688	\$491,687	\$0	\$491,687
97000 Excess of Operating Revenue over Operating Expenses	\$84,458	\$65,322	\$123,084	\$272,864	\$0	\$272,864

Bloomfield Housing Authority (IN032)
BLOOMFIELD, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2009

	Project Total	14.885 Formula Capital Fund Stimulus Grant	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments			\$131,909	\$131,909		\$131,909
97350 HAP Portability-In						
97400 Depreciation Expense	\$258,665			\$258,665		\$258,665
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$705,784	\$7,880	\$168,597	\$882,261	\$0	\$882,261
10010 Operating Transfer In	\$10,203			\$10,203	-\$10,203	\$0
10020 Operating transfer Out	-\$10,203			-\$10,203	\$10,203	\$0
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$174,207	\$65,322	-\$8,825	-\$117,710	\$0	-\$117,710
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,996,357	\$0	\$107,640	\$2,103,997		\$2,103,997
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,063	\$0	\$0	\$9,063		\$9,063
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			\$40,199	\$40,199		\$40,199
11180 Housing Assistance Payments Equity			\$58,616	\$58,616		\$58,616
11190 Unit Months Available	1056		600	1656		1656
11210 Number of Unit Months Leased	893		450	1343		1343
11270 Excess Cash	\$9,648			\$9,648		\$9,648
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$102,867			\$102,867		\$102,867
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$9,666			\$9,666		\$9,666
11650 Leasehold Improvements Purchases	\$0			\$0		\$0
11660 Infrastructure Purchases	\$0			\$0		\$0
13510 OFFP Debt Service Payments	\$0			\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0		\$0

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

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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, 2009, in accordance with auditing standards generally accepted in the United State of America, I considered the Housing Authorities internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. 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.
2. 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.

3. While reviewing miscellaneous and rent deposits, it was noted that the Housing Authority is not making daily deposits when funds are collected. Adequate internal controls as well as State law requires daily deposits if funds are received.
4. During my review of the PHA's procurement policy and internal controls over disbursements it was noted that two purchase lacked the required requisitions and one check was miscoded. Each disbursement should be reviewed to determine that all purchases and disbursements are made in accordance with policy.
5. While reviewing capital fund expenditures, it was noted that the PHA did not retain evidence of timely wage monitoring on A.R.R.A. funds expended. It was noted that all certified payrolls were received at one time from the contractor and no evidence of reviewing correct wage rates were evident.
6. While reviewing journal entries and transactions recorded in the land, structures and equipment accounts, I noted that disposals had not been properly approved by Board action. Management is reminded that all disposal should be properly approved and so noted in Board minutes. If the disposals or deletions from the detailed depreciation schedule are a result of a change in depreciation policy, that action must also be approved by Board action.

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.

Decatur, Illinois
September 1, 2010



Certified Public Accountant