



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43805

---

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

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

July 10, 2014

Board of Directors  
Rome City Housing Authority  
P.O. Box 415  
500 Front Street  
Rome City, IN 46784

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period July 1, 2010 to June 30, 2011. 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 Rome City Housing Authority, as of June 30, 2011 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

# ROME CITY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Rome City, Indiana

June 30, 2011

*Jean Sickels*

Certified Public Accountant

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

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

ROME CITY  
HOUSING AUTHORITY

Rome City, Indiana  
JUNE 30, 2011

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report  | 1           |
| Management's Discussion and Analysis  | i           |
| <br><u>FINANCIAL STATEMENTS</u>   |             |
| Statement of Net Assets   | 2           |
| Statement of Revenues, Expenses, and Changes in Net Assets  | 3           |
| Statement of Cash Flows   | 4           |
| Notes to Financial Statements   | 6           |
| <br><u>SUPPLEMENTAL FINANCIAL INFORMATION</u>   |             |
| Combining Schedule of Program Net Assets  | 14          |
| Combining Schedule of Program Revenues, Expenses, and Changes in Net Assets   | 15          |
| Statement and Certification of Actual Capital Fund Grant Costs - Completed  | 16          |
| <br><u>OTHER REPORTS</u>  |             |
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> | 17          |
| Schedule of Findings and Responses  | 18          |

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.  
Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Rome City Housing Authority  
500 Front Street  
Rome City, IN 46784-0415

I have audited the accompanying financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2011 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 financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rome City Housing Authority as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 19, 2012 on my consideration of the Rome City Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 on pages i through vii is not a required part of the basic 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 required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Rome City Housing Authority. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Fredericksburg, Indiana  
January 19, 2012

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2011**

This section of the Housing Authority of the City of Rome City, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2011 were \$1,445,485. The net assets decreased by \$8,579, a decrease of 0.6% from the prior year.
- Revenues for the Authority were \$321,638 for the year ended June 30, 2011. This was an increase of \$49,550 or 18.2% over the prior year.
- Expenses for the Authority were \$330,217 for the year ended June 30, 2011. This was a decrease of \$34,300 or 9.4% from the prior year.
- Rental revenue for the Authority was \$82,561 for the year ended June 30, 2011, a decrease of \$23,927 or 22.5% from the prior year. HUD operating grants for the Authority was \$168,611 for the year ended June 30, 2011. This was an increase of \$35,338 or 26.5% over the prior year. HUD capital grants were \$68,271 for the year ended June 30, 2011. This was an increase of \$43,285 or 173.2% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Required Financial Statements*

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

*Notes to the Financial Statements*

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

*HUD Reporting*

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2011 and is required to be included in the audit reporting package.

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2011**

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets exceeded liabilities by \$1,445,485 at the close of the year ended June 30, 2011, down from \$1,454,064 in fiscal year 2010. The decrease in net assets of \$8,579 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$21,864 decrease in this category, cash increased \$2,647, receivables decreased \$24,512, and prepaid expenses increased \$1.
- Capital assets decreased \$4,258 because current year depreciation exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities decreased \$17,644 mainly due to a \$10,229 decrease in current portion of accrued compensated absences. The Authority also had a \$3,188 decrease in accrued payments in lieu of taxes and a \$2,114 decrease in accounts payable.
- Noncurrent liabilities increased \$101 due to an increase in noncurrent portion of accrued compensated absences.

**CONDENSED STATEMENTS OF NET ASSETS**

|                            | <u>FY 2011</u>      | <u>FY 2010</u>      | <u>Dollar<br/>Change</u> | <u>Percent<br/>Change</u> |
|----------------------------|---------------------|---------------------|--------------------------|---------------------------|
| <b>ASSETS</b>              |                     |                     |                          |                           |
| Current assets             | \$ 118,452          | \$ 140,316          | \$ (21,864)              | -15.6%                    |
| Capital assets, net        | 1,343,432           | 1,347,690           | (4,258)                  | -0.3%                     |
| <b>TOTAL ASSETS</b>        | <u>\$ 1,461,884</u> | <u>\$ 1,488,006</u> | <u>\$ (26,122)</u>       | -1.8%                     |
| <b>LIABILITIES</b>         |                     |                     |                          |                           |
| Current liabilities        | \$ 15,827           | \$ 33,471           | \$ (17,644)              | -52.7%                    |
| Noncurrent liabilities     | 572                 | 471                 | 101                      | 21.4%                     |
| <b>TOTAL LIABILITIES</b>   | <u>16,399</u>       | <u>33,942</u>       | <u>(17,543)</u>          | -51.7%                    |
| <b>NET ASSETS</b>          |                     |                     |                          |                           |
| Invested in capital assets | 1,343,432           | 1,347,690           | (4,258)                  | -0.3%                     |
| Unrestricted               | 102,053             | 106,374             | (4,321)                  | -4.1%                     |
| <b>TOTAL NET ASSETS</b>    | <u>\$ 1,445,485</u> | <u>\$ 1,454,064</u> | <u>\$ (8,579)</u>        | -0.6%                     |

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2011**

**FINANCIAL ANALYSIS (CONTINUED)**

The unrestricted net assets were \$102,053 as of June 30, 2011. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for five months. The Authority did not have any net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The 2008 approved capital grant (501-08) totals \$67,358 and was 52.5% expended as of June 30, 2011. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/11, and development account:

| <u>Line No.</u> | <u>Amount</u> | <u>Percent</u> | <u>Development Account</u> |
|-----------------|---------------|----------------|----------------------------|
| 1406            | \$ 27,358     | 100.0%         | Operations                 |
| 1460            | \$ 30,000     | 0.0%           | Dwelling Structures        |
| 1475            | \$ 10,000     | 80.0%          | Non-Dwelling Equipment     |

The 2009 approved capital fund stimulus grant (ARRA) totals \$85,261 and was 100.0% expended as of June 30, 2011. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/11, and development account:

| <u>Line No.</u> | <u>Amount</u> | <u>Percent</u> | <u>Development Account</u> |
|-----------------|---------------|----------------|----------------------------|
| 1410            | \$ 2,061      | 100.0%         | Administration             |
| 1430            | \$ 12,150     | 100.0%         | Fees and Costs             |
| 1460            | \$ 36,700     | 100.0%         | Dwelling Structures        |
| 1475            | \$ 34,350     | 100.0%         | Non-Dwelling Equipment     |

The 2009 approved capital grant (501-09) totals \$67,006 and was 46.3% expended not started as of June 30, 2011. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/11, and development account:

| <u>Line No.</u> | <u>Amount</u> | <u>Percent</u> | <u>Development Account</u> |
|-----------------|---------------|----------------|----------------------------|
| 1406            | \$ 31,006     | 100.0%         | Operations                 |
| 1460            | \$ 26,000     | 0.0%           | Dwelling Structures        |
| 1475            | \$ 10,000     | 0.0%           | Non-Dwelling Equipment     |

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2011**

**FINANCIAL ANALYSIS (CONTINUED)**

The 2010 approved capital grant (501-10) totals \$66,781 and was 29.8% as of June 30, 2011. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/11, and development account:

| <u>Line No.</u> | <u>Amount</u> | <u>Percent</u> | <u>Development Account</u> |
|-----------------|---------------|----------------|----------------------------|
| 1406            | \$ 19,881     | 100.0%         | Operations                 |
| 1460            | \$ 46,900     | 0.0%           | Dwelling Structures        |

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page, total revenues increased \$49,550 due to the reasons noted below.

- Rental revenue decreased \$23,927 or 22.5% mostly due to a decrease in average rental charge per unit of \$40.25 or 22.3%.
- Of the \$35,338 increase in operating grants, public housing operating subsidy decreased \$549 and capital fund grants used for operating expenditures increased \$35,887.
- Interest earnings decreased \$661 or 60.1% primarily due to lower interest rates on deposit accounts.
- Capital grants increased \$43,285 from FY 2010. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Other revenues increased \$933 or 113.4% from FY 2010 mostly due to an increase in other tenant charges.
- The Authority had a gain on disposal of capital assets of \$5,418 in FY 2010.

Total expenses decreased \$34,300 due to the reasons noted below.

- Administrative expense increased \$5,800 or 7.9% from FY 2010 mainly due to an increase in administrative employee benefits of \$4,722.
- Of the \$7,957 increase in utilities, water increased \$1,281 or 6.0%, electricity increased \$3,433 or 24.4%, gas increased \$3,798 or 80.8%, and other utilities decreased \$555 or 33.0%.
- Ordinary maintenance decreased \$26,842 or 23.9% primarily due to a \$16,875 decrease in maintenance labor and an \$11,075 decrease in maintenance labor benefits.

**HOUSING AUTHORITY OF THE CITY OF ROME CITY  
ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2011**

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

|  | FY 2011             | FY 2010             | Dollar<br>Change  | Percent<br>Change |
|--|---------------------|---------------------|-------------------|-------------------|
| <b>REVENUES</b>                                    |                     |                     |                   |                   |
| Operating - non-operating - capital contributions: |                     |                     |                   |                   |
| Rental revenue                                     | \$ 82,561           | \$ 106,488          | \$ (23,927)       | -22.5%            |
| HUD PHA operating grants                           | 168,611             | 133,273             | 35,338            | 26.5%             |
| Interest & investment earnings                     | 439                 | 1,100               | (661)             | -60.1%            |
| HUD PHA capital grants                             | 68,271              | 24,986              | 43,285            | 173.2%            |
| Other revenues                                     | 1,756               | 823                 | 933               | 113.4%            |
| Gain (loss) on sale of capital assets              | -                   | 5,418               | (5,418)           | -100.0%           |
| <b>TOTAL REVENUES</b>                              | <b>321,638</b>      | <b>272,088</b>      | <b>49,550</b>     | <b>18.2%</b>      |
| <b>EXPENSES</b>                                    |                     |                     |                   |                   |
| Administrative                                     | 79,646              | 73,846              | 5,800             | 7.9%              |
| Utilities  | 49,641              | 41,684              | 7,957             | 19.1%             |
| Ordinary maintenance                               | 85,697              | 112,539             | (26,842)          | -23.9%            |
| General expenses                                   | 30,172              | 32,363              | (2,191)           | -6.8%             |
| Depreciation                                       | 85,061              | 104,085             | (19,024)          | -18.3%            |
| <b>TOTAL EXPENSES</b>                              | <b>330,217</b>      | <b>364,517</b>      | <b>(34,300)</b>   | <b>-9.4%</b>      |
| <b>CHANGE IN NET ASSETS</b>                        | <b>(8,579)</b>      | <b>(92,429)</b>     | <b>83,850</b>     |                   |
| <b>NET ASSETS</b>                                  |                     |                     |                   |                   |
| Beginning net assets                               | 1,454,064           | 1,525,785           | (71,721)          |                   |
| Prior period adjustments                           | -                   | 20,708              | (20,708)          |                   |
| <b>NET ASSETS - BEG OF YEAR</b>                    | <b>1,454,064</b>    | <b>1,546,493</b>    | <b>(92,429)</b>   |                   |
| <b>NET ASSETS - END OF YEAR</b>                    | <b>\$ 1,445,485</b> | <b>\$ 1,454,064</b> | <b>\$ (8,579)</b> |                   |

➤ General expenses decreased \$2,191 or 6.8% mostly due to a \$3,188 decrease in payments in lieu of taxes. The Authority also had a \$1,519 decrease in expenditures for compensated absences and a \$2,734 increase in tenant bad debt expense.

➤ The Authority had a \$19,024 or 18.3% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.

The Low Rent Public Housing occupancy rate for fiscal year June 30, 2011 was 98.3%, down slightly from 98.5% in FY 2010. The Authority currently has 50 Public Housing units.

**HOUSING AUTHORITY OF THE CITY OF ROME CITY  
ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
June 30, 2011**

**CAPITAL ASSETS**

**Capital Assets** - The Housing Authority of the City of Rome City, Indiana's investment in capital assets, as of June 30, 2011 amounts to \$1,343,432 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment, construction in progress, and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 0.3% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$80,803 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$85,061. The Authority has \$114,905 available in capital funds to draw down and spend in the future. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

|                | Beginning   | Additions | Depreciation | Ending      |
|----------------|-------------|-----------|--------------|-------------|
| Capital assets | \$1,347,690 | \$80,803  | \$(85,061)   | \$1,343,432 |

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2012 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Cara Babyak-Sisson, Executive Director, Housing Authority of the City of Rome City, 500 Front Street, P.O. Box 415, Rome City, Indiana 46784, telephone number (260) 854-4122.

**FINANCIAL STATEMENTS**

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF NET ASSETS

JUNE 30, 2011

ASSETS

Current Assets

|                                      |    |                       |
|--------------------------------------|----|-----------------------|
| Cash and cash equivalents            | \$ | 83,842                |
| Restricted cash and cash equivalents |    | 4,595                 |
| Accounts receivable, net             |    | 29,076                |
| Prepaid expenses                     |    | 939                   |
| <b>Total Current Assets</b>          |    | <u><b>118,452</b></u> |

Capital Assets

|                                      |  |                         |
|--------------------------------------|--|-------------------------|
| Land and other nondepreciable assets |  | 586,777                 |
| Depreciable capital assets, net      |  | 756,655                 |
| <b>Total Capital Assets</b>          |  | <u><b>1,343,432</b></u> |

**Total Assets**

**1,461,884**

LIABILITIES

Current liabilities

|   |  |                      |
|---|--|----------------------|
| Accounts payable                                      |  | 5,801                |
| Accrued liabilities                                   |  | 5,012                |
| Deferred revenue                                      |  | 419                  |
| Payable from restricted cash<br>and cash equivalents: |  |                      |
| Tenant's security deposits                            |  | 4,595                |
| <b>Total Current Liabilities</b>                      |  | <u><b>15,827</b></u> |

Noncurrent liabilities

572

**Total Liabilities**

**16,399**

NET ASSETS

|                            |    |                                |
|----------------------------|----|--------------------------------|
| Invested in capital assets |    | 1,343,432                      |
| Unrestricted               |    | 102,053                        |
| <b>Total Net Assets</b>    | \$ | <u><u><b>1,445,485</b></u></u> |

The accompanying notes are an integral part of these financial statements

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

OPERATING REVENUES

|                         |           |
|-------------------------|-----------|
| Rental income           | \$ 84,167 |
| Other income            | 150       |
|                         | <hr/>     |
| TOTAL OPERATING REVENUE | 84,317    |

OPERATING EXPENSES

|                                    |         |
|------------------------------------|---------|
| Administrative                     | 79,646  |
| Utilities                          | 49,641  |
| Ordinary maintenance and operation | 85,697  |
| General expense                    | 30,172  |
| Depreciation expense               | 85,061  |
|                                    | <hr/>   |
| TOTAL OPERATING EXPENSES           | 330,217 |

OPERATING INCOME (LOSS) (245,900)

NONOPERATING REVENUES

|                             |         |
|-----------------------------|---------|
| Federal operating grants    | 168,611 |
| Interest income             | 439     |
|                             | <hr/>   |
| TOTAL NONOPERATING REVENUES | 169,050 |

Net income before capital contributions (76,850)

CAPITAL CONTRIBUTIONS 68,271

CHANGE IN NET ASSETS (8,579)

TOTAL NET ASSETS - BEGINNING OF YEAR 1,454,064

TOTAL NET ASSETS - END OF YEAR \$ 1,445,485

The accompanying notes are an integral part of these financial statements

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

|  |    |                  |
|--|----|------------------|
| Receipts from tenants and other deposits | \$ | 108,492          |
| Payments to vendors                      |    | (171,445)        |
| Payments to employees                    |    | (90,918)         |
| Net Cash Used by Operating Activities    |    | <u>(153,871)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

|   |  |                |
|---|--|----------------|
| Federal operating grants received             |  | <u>168,611</u> |
| Net Cash From Noncapital Financing Activities |  | <u>168,611</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |  |                 |
|---|--|-----------------|
| Federal capital grants received   |  | 68,271          |
| Acquisition and construction of capital assets                                |  | <u>(80,803)</u> |
| Net Cash Flows Provided (Used)<br>by Capital and Related Financing Activities |  | <u>(12,532)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

|                                    |  |            |
|------------------------------------|--|------------|
| Interest received                  |  | <u>439</u> |
| Net Cash From Investing Activities |  | <u>439</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 2,647

Cash - Beginning of year 85,790

Cash - End of year \$ 88,437

Reconciliation of Cash

|                                      |    |                      |
|--------------------------------------|----|----------------------|
| Cash and cash equivalents            | \$ | 83,842               |
| Restricted cash and cash equivalents |    | <u>4,595</u>         |
|                                      | \$ | <u><u>88,437</u></u> |

Continued

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011  
(Continued)

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

|  |    |                  |
|--|----|------------------|
| Operating income (loss)  | \$ | (245,900)        |
| Adjustments to reconcile net operating income to net cash<br>Provided by operating activities: |    |                  |
| Depreciation   |    | 85,061           |
| Changes in operating assets and liabilities:   |    |                  |
| (Increase) Decrease in:  |    |                  |
| Accounts receivable  |    | 24,512           |
| Prepaid expenses   |    | (1)              |
| Increase (Decrease) in:  |    |                  |
| Accounts payable   |    | (2,233)          |
| Accrued liabilities  |    | (14,973)         |
| Deferred revenue   |    | (337)            |
| Net Cash Flows Provided (Used)<br>by Operating Activities                                      | \$ | <u>(153,871)</u> |

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

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the ROME CITY HOUSING AUTHORITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Rome City Housing Authority. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Rome City Housing Authority include the following:

At June 30, 2011, the Housing Authority has 50 units under management.

| <u>Project</u>            | <u>Units</u> |
|---------------------------|--------------|
| Low Income Public Housing | <u>50</u>    |

The Authority is also operating Capital Fund Grant Programs.

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

The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and ARB's issued on or before, November 30, 1989, unless those pronouncements conflict with or contradicts GASB pronouncements.

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

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

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

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

Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

Unrestricted - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

**Budgets** - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

**Cash and Cash Equivalents** - Deposits consist of checking accounts, Money Market accounts and Certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased and non negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

**Tenant Receivables** - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

**Prepaid** - Prepays represent payments made to vendors for services that will benefit beyond June 30, 2011.

**Inventories** - Inventories (if any) are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

**Capital assets** - Capital assets purchased are recorded on the Statement of Net Assets at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

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

Capital assets - (Continued)

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

| <u>Class</u>                     | <u>Life</u> |
|----------------------------------|-------------|
| Buildings and improvements       | 15-40 years |
| Maintenance and Office equipment | 5-10 years  |

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, then restricted resources as they are needed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE B - Deposits, Cash and Cash Equivalents:**

**1. HUD Deposit Restrictions**

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

**2. Risk Disclosures**

**A. Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at the time of purchase. At June 30, 2011, the Authority's deposits were not limited and all of which are either available on demand or have maturities of less than two years.

**B. Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

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

At June 30, 2011, the carrying amount of the Authority's deposits was \$88,437. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

|                        |                  |
|------------------------|------------------|
| Checking accounts      | \$ 43,301        |
| Certificate of Deposit | <u>45,136</u>    |
| Total                  | <u>\$ 88,437</u> |

**NOTE C - Accounts Receivable:**

Accounts receivable at June 30, 2011, consist of the following:

|                                       |                  |
|---------------------------------------|------------------|
| Tenants, net of allowance of \$10,145 | \$ 9,173         |
| Accounts receivable - HUD             | 19,881           |
| Accrued Interest                      | <u>22</u>        |
| Total                                 | <u>\$ 29,076</u> |

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2011, consist of the following:

Prepaid insurance \$ 939

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

|   | Beginning<br>Balance<br>6/30/10 | Increases        | Decreases          | Transfers   | Ending<br>Balance<br>6/30/11 |
|---|---------------------------------|------------------|--------------------|-------------|------------------------------|
| Capital assets, not being depreciated:              |                                 |                  |                    |             |                              |
| Land  | \$ 586,777                      | \$ 0             | \$ 0               | \$ 0        | \$ 586,777                   |
| Construction in Progress                            | <u>8,991</u>                    | <u>0</u>         | <u>( 8,991)</u>    | <u>0</u>    | <u>0</u>                     |
| <b>Total Capital Assets, Not being depreciated</b>  | <u>595,768</u>                  | <u>0</u>         | <u>( 8,991)</u>    | <u>0</u>    | <u>586,777</u>               |
| Capital Assets, being depreciated:                  |                                 |                  |                    |             |                              |
| Buildings & Improvements                            | 2,502,394                       | 87,185           | 0                  | 0           | 2,589,579                    |
| Furniture, Equipment & Machinery                    | <u>167,864</u>                  | <u>2,610</u>     | <u>0</u>           | <u>0</u>    | <u>170,474</u>               |
| <b>Total Capital Assets, being depreciated</b>      | <u>2,670,258</u>                | <u>89,795</u>    | <u>0</u>           | <u>0</u>    | <u>2,760,053</u>             |
| Less Accumulated Depreciation for:                  |                                 |                  |                    |             |                              |
| Buildings & Improvements                            | ( 1,778,413)                    | ( 76,873)        | 0                  | 0           | ( 1,855,286)                 |
| Furniture, Equipment and Machinery                  | <u>( 139,923)</u>               | <u>( 8,189)</u>  | <u>0</u>           | <u>0</u>    | <u>( 148,112)</u>            |
| <b>Total Accumulated Depreciation:</b>              | <u>( 1,918,336)</u>             | <u>( 85,062)</u> | <u>0</u>           | <u>0</u>    | <u>( 2,003,398)</u>          |
| <b>Total Capital Assets, being depreciated, net</b> | <u>751,922</u>                  | <u>4,733</u>     | <u>0</u>           | <u>0</u>    | <u>756,655</u>               |
| <b>Capital Assets, Net</b>                          | <u>\$ 1,347,690</u>             | <u>\$ 4,733</u>  | <u>\$ ( 8,991)</u> | <u>\$ 0</u> | <u>\$ 1,343,432</u>          |

Major construction renovation through the Capital Fund Grant Program costs of \$116,791 are yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$85,061 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2011, consist of the following:

Vendors' accounts payable \$ 5,801

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

**NOTE G - Accrued Liabilities:**

Accrued liabilities at June 30, 2011, consist of the following:

|  |                 |
|--|-----------------|
| Accrued compensated absences and payroll | \$ 1,720        |
| Payment in lieu of taxes                 | <u>3,292</u>    |
| Total                                    | <u>\$ 5,012</u> |

**NOTE H - Deferred Revenue:**

Deferred Revenue at June 30, 2008, consist of the following:

|              |               |
|--------------|---------------|
| Prepaid rent | <u>\$ 419</u> |
|--------------|---------------|

**NOTE I - Noncurrent Liabilities:**

Noncurrent liabilities at June 30, 2011 consist of the following:

|                              | 06/30/10 | Additions | Deletions | 06/30/11 |
|------------------------------|----------|-----------|-----------|----------|
| Accrued compensated absences | \$ 471   | \$ 101    | \$        | \$ 572   |

**NOTE J - Federal Operating Grants:**

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended June 30, 2011 were as follows:

|                         |                   |
|-------------------------|-------------------|
| Low Rent Public Housing | \$ 122,437        |
| Capital Fund Program    | <u>46,174</u>     |
| Total                   | <u>\$ 168,611</u> |

**NOTE K - Capital Contributions:**

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended June 30, 2011 were \$68,271.

**NOTE L- Commitments and Contingencies:**

Litigation - At June 30, 2011, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended June 30, 2011.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: There are certain major construction projects in progress at June 30, 2011. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. These costs will be paid by grants committed to the Authority by HUD.

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

**NOTE M - Risk Management:**

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

**NOTE N - Economic Dependency:**

The Authority receives approximately 78% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

**NOTE O- Conduit Type Debt:**

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

**NOTE P - Defined Contribution Plan:**

**Plan Description**

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Authority the power to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

The Authority's contributions were calculated using the base salary amount of \$60,182. During the year ended June 30, 2011, the Authority's required and actual contributions amounted to \$6,018 which was 10.0% of its current-year covered payroll in the amount of \$60,182.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employee's Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE P - Defined Contribution Plan: (Continued)

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Valuation of Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

NOTE Q - Interprogram Transfers:

A summary of interfund transfers follows:

|              | <b>Transfers</b>  | <b>Transfers</b>  |
|--------------|-------------------|-------------------|
|              | <u>In</u>         | <u>Out</u>        |
| Low Rent     | \$ 114,455        | \$ 0              |
| Capital Fund | 0                 | 114,455           |
|              | <u>\$ 114,455</u> | <u>\$ 114,455</u> |

SUPPLEMENTAL FINANCIAL INFORMATION

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS  
JUNE 30, 2011

|   | <u>Annual Contributions Cc</u> |                 | <u>Totals</u>       |
|---|--------------------------------|-----------------|---------------------|
|   | <u>IN089</u>                   | <u>IN089</u>    |                     |
|   | Low                            | Capital         |                     |
|   | Income                         | Fund            |                     |
|   | Public                         | Programs        |                     |
|   | <u>Housing</u>                 | <u>Programs</u> |                     |
| <b><u>ASSETS</u></b>                                  |                                |                 |                     |
| <b><u>Current Assets</u></b>                          |                                |                 |                     |
| Cash and cash equivalents                             | \$ 83,842                      | \$ 0            | \$ 83,842           |
| Restricted cash and cash equivalents                  | 4,595                          | 0               | 4,595               |
| Accounts receivable, net                              | 29,076                         | 0               | 29,076              |
| Interfund   | 0                              | 0               | 0                   |
| Prepaid expenses                                      | 939                            | 0               | 939                 |
| <b>Total Current Assets</b>                           | <u>118,452</u>                 | <u>0</u>        | <u>118,452</u>      |
| <b><u>Capital Assets</u></b>                          |                                |                 |                     |
| Land and other nondepreciable assets                  | 586,777                        | 0               | 586,777             |
| Depreciable capital assets, net                       | 756,655                        | 0               | 756,655             |
| <b>Total Capital Assets</b>                           | <u>1,343,432</u>               | <u>0</u>        | <u>1,343,432</u>    |
| <b>Total Assets</b>                                   | <u>1,461,884</u>               | <u>0</u>        | <u>1,461,884</u>    |
| <b><u>LIABILITIES</u></b>                             |                                |                 |                     |
| <b><u>Current liabilities</u></b>                     |                                |                 |                     |
| Accounts payable                                      | 5,801                          | 0               | 5,801               |
| Accrued liabilities                                   | 5,012                          | 0               | 5,012               |
| Interfund   | 0                              | 0               | 0                   |
| Deferred revenue                                      | 419                            | 0               | 419                 |
| Payable from restricted cash<br>and cash equivalents: |                                |                 |                     |
| Tenants security deposits                             | 4,595                          | 0               | 4,595               |
| <b>Total Current Liabilities</b>                      | <u>15,827</u>                  | <u>0</u>        | <u>15,827</u>       |
| <b><u>Noncurrent liabilities</u></b>                  | <u>572</u>                     | <u>0</u>        | <u>572</u>          |
| <b>Total Liabilities</b>                              | <u>16,399</u>                  | <u>0</u>        | <u>16,399</u>       |
| <b><u>NET ASSETS</u></b>                              |                                |                 |                     |
| Invested in capital assets                            | 1,343,432                      | 0               | 1,343,432           |
| Unrestricted  | 102,053                        | 0               | 102,053             |
| <b>Total Net Assets</b>                               | <u>\$ 1,445,485</u>            | <u>\$ 0</u>     | <u>\$ 1,445,485</u> |

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

|  | <u>Annual Contributions Contracts</u> |                  | <u>Totals</u>       |
|--|---------------------------------------|------------------|---------------------|
|  | <u>IN089</u>                          | <u>IN089</u>     |                     |
|  | <u>Low</u>                            | <u>Capital</u>   |                     |
|  | <u>Income</u>                         | <u>Fund</u>      |                     |
|  | <u>Public</u>                         | <u>Program</u>   |                     |
|  | <u>Housing</u>                        |                  |                     |
| <b><u>OPERATING REVENUES</u></b>                 |                                       |                  |                     |
| Rental income                                    | \$ 84,167                             | \$ 0             | \$ 84,167           |
| Other income                                     | 150                                   | 0                | 150                 |
| <b>TOTAL OPERATING REVENUE</b>                   | <u>84,317</u>                         | <u>0</u>         | <u>84,317</u>       |
| <b><u>OPERATING EXPENSES</u></b>                 |                                       |                  |                     |
| Administrative                                   | 79,646                                | 0                | 79,646              |
| Utilities  | 49,641                                | 0                | 49,641              |
| Ordinary maintenance and operation               | 85,697                                | 0                | 85,697              |
| General expense                                  | 30,172                                | 0                | 30,172              |
| Depreciation expense                             | 85,061                                | 0                | 85,061              |
| <b>TOTAL OPERATING EXPENSES</b>                  | <u>330,217</u>                        | <u>0</u>         | <u>330,217</u>      |
| OPERATING INCOME (LOSS)                          | <u>(245,900)</u>                      | <u>0</u>         | <u>(245,900)</u>    |
| <b><u>NONOPERATING REVENUES</u></b>              |                                       |                  |                     |
| Federal operating grants                         | 122,437                               | 46,174           | 168,611             |
| Interest income                                  | 439                                   | 0                | 439                 |
| <b>TOTAL NONOPERATING REVENUES</b>               | <u>122,876</u>                        | <u>46,174</u>    | <u>169,050</u>      |
| Net income before capital contributions          | <u>(123,024)</u>                      | <u>46,174</u>    | <u>(76,850)</u>     |
| CAPITAL CONTRIBUTIONS                            | <u>0</u>                              | <u>68,271</u>    | <u>68,271</u>       |
| CHANGE IN NET ASSETS                             | <u>(123,024)</u>                      | <u>114,445</u>   | <u>(76,850)</u>     |
| TOTAL NET ASSETS - BEGINNING OF YEAR             | <u>1,454,064</u>                      | <u>0</u>         | <u>1,454,064</u>    |
| Equity transfers and prior period adjustment     | <u>114,445</u>                        | <u>(114,445)</u> | <u>0</u>            |
| TOTAL NET ASSETS - BEGINNING OF YEAR as restated | <u>1,568,509</u>                      | <u>(114,445)</u> | <u>1,454,064</u>    |
| <b>TOTAL NET ASSETS - END OF YEAR</b>            | <u>\$ 1,445,485</u>                   | <u>\$ 0</u>      | <u>\$ 1,445,485</u> |

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETE  
FOR THE YEAR ENDED JUNE 30, 2011

Annual Contributions Contract IN089

1. The Capital Fund Grant Costs were as follows:

|                                       | <u>Phase 501-08</u> | ARRA<br><u>Phase 501-09</u> |
|---------------------------------------|---------------------|-----------------------------|
| Funds Approved                        | \$ 35,353           | \$ 85,261                   |
| Funds Expended                        | <u>35,353</u>       | <u>85,261</u>               |
| Excess/(Deficiency) of Funds Approved | \$ <u>0</u>         | \$ <u>0</u>                 |
| <br>                                  |                     |                             |
| Funds Advanced                        | \$ 35,353           | \$ 85,261                   |
| Funds Expended                        | <u>35,353</u>       | <u>85,261</u>               |
| Excess/(Deficiency) of Funds Advanced | \$ <u>0</u>         | \$ <u>0</u>                 |

2. Cost additions totaling \$ 51,280 were made during the current audit period and, accordingly, were audited by Jean Sickels, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs are in agreement with the Authority records and were approved by HUD.
4. All capital fund grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

OTHER REPORTS

# Jean Sickels

Certified Public Accountant  
8518 S Kays Chapel Rd.  
Fredericksburg, IN 47120

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Rome City Housing Authority  
500 Front Street  
Rome City, IN 46784-0415

I have audited the financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2011, and have issued my report thereon dated January 19, 2012, which included a disclaimer of opinion on Management's Discussion and Analysis. 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 the Rome City 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 Rome City Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Rome City Housing Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

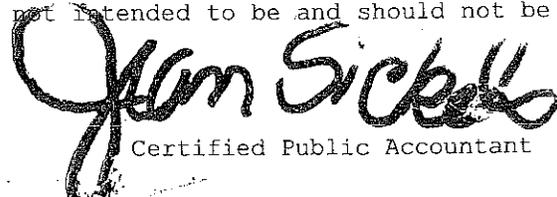
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rome City Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Rome City Housing Authority in a separate letter dated March 22, 2011.

This report is intended solely for the information and use of the Authority's management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountant

Fredericksburg, Indiana  
January 19, 2012

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

JUNE 30, 2011

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

There were no prior audit findings.

CURRENT AUDIT FINDINGS

There are no current audit findings.

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

Telephone No. (812) 472-3527  
Facsimile No. (812) 472-3649  
Mobile No. (404) 307-5903

January 19, 2012

Management and  
Board of Commissioners of the  
Rome City Housing Authority  
Rome City, Indiana

In planning and performing my audit of the financial statements of the Rome City Housing Authority as of and for the year ended June 30, 2011, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated January 19, 2012 on the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comments and suggestions with Authority personnel, and will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comments are summarized as follows:

**1. CONDITION: INVENTORY**

The inventory was not counted at year end. The value of the inventory has not been established.

**RECOMMENDATION:**

The Authority should count the inventory. The value should be established and put on the books.

**2. CONDITION: JOURNAL VOUCHERS**

The Authority has not had a system in place to review and approve the journal vouchers.

**RECOMMENDATION:**

The Authority should review the journal vouchers and document that review by signing and dating the journal voucher.

**3. CONDITION: CASH DISBURSEMENTS**

There was not always complete supporting documentation for all charge card disbursements.

**RECOMMENDATION:**

The Authority should make sure receipts are behind each voucher.

4. CONDITION: REAC SUBMISSIONS

The unaudited FDS was not submitted by the due date.

RECOMMENDATION:

The Authority should ensure that all submissions are completed by the due dates.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Jean Sickels". The signature is written in a cursive, slightly slanted style. The first letter "J" is large and loops around the start of the name. The "S" in "Sickels" is also prominent and loops.

Jean Sickels  
Certified Public Accountant