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June 5, 2024

Board of Commissioners  
Housing Authority of the City of Rome City  
Noble County, Indiana

We have reviewed the audit report of the Housing Authority of the City of Rome City which was opined upon by Barry E. Gaudette, CPA, PC, Independent Public Accountant, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Housing Authority of the City of Rome City as of June 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Barry E. Gaudette, CPA, PC, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads 'Tammy R. White'.

Tammy R. White, CPA  
Deputy State Examiner

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**  
**AND**  
**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**HOUSING AUTHORITY OF THE CITY OF ROME CITY**  
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**JUNE 30, 2023**

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## **INTRODUCTION**

**Barry E. Gaudette, CPA, PC  
3149 Lake Meadows Circle  
Traverse City, Michigan 49685**

***Independent Auditor's Report***

Board of Commissioners  
Housing Authority of the City of Rome City  
Noble County, Indiana

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the business-type activities of the Housing Authority of the City of Rome City, as of June 30, 2023 and 2022, and the related statement and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Housing Authority of the City of Rome City as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Authority of the City of Rome City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Rome City's ability to continue as a going concern for the year ending June 30, 2023.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Rome City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Report on Other Legal and Regulatory Requirements**

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

## **Report on Other Legal and Regulatory Requirements (Continued)**

### ***Other Matters (Continued)***

#### *Required Supplementary Information (Continued)*

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

The financial data schedule, which can be found at the end of the report, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Management has not presented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the Housing Authority of the City of Rome City, Indiana's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Rome City, Indiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Rome City, Indiana's internal control over financial reporting and compliance.

*Barry E. Gaudette, CPA, PC*

November 28, 2023

**Housing Authority of the City of Rome City  
Management’s Discussion and Analysis (MD&A)  
June 30, 2023  
(Unaudited)**

As management of the Housing Authority of the City of Rome City we offer reviewers of this audit report this narrative discussion and analysis of the Housing Authority of the City of Rome City’s financial activities for the fiscal year ended June 30, 2023. This discussion and analysis letter of the Housing Authority of the City of Rome City’s financial performance should be read in conjunction with the auditor’s opinion letter and the following Financial Statements.

The combined financial statements reflect all of the Housing Authority’s federally funded programs and activities in one place. The Housing Authority reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for “business-type activities” – activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

**FINANCIAL HIGHLIGHTS**

The term “net position” refers to the difference between assets and liabilities. The Housing Authority’s total net position as of June 30, 2023 was \$1,277,850. The net position increased by \$110,754, an increase of 9.5% over the prior fiscal year.

Revenues and contributions for the Housing Authority were \$559,646 for the fiscal year ended June 30, 2023. This was a decrease of \$28,373 or 4.8% from the prior fiscal year.

Expenses for the Housing Authority were \$448,892 for the fiscal year ended June 30, 2023. This was an increase of \$75,849 or 20.3% over the prior fiscal year.

HUD operating grants were \$411,198 for the fiscal year ended June 30, 2023. This was an increase of \$31,138 or 8.2% over the prior fiscal year. None of the Capital grants received were classified as hard revenue in the current fiscal year versus \$58,798 in the prior fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Housing Authority’s financial statements are presented as fund financial statements because the Housing Authority only has proprietary funds.

**Housing Authority of the City of Rome City  
Management's Discussion and Analysis (MD&A)  
June 30, 2023  
(Continued)**

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

*Required Financial Statements*

The *Statement of Net Position* includes the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Housing Authority creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Housing Authority.

All of the current fiscal year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether the Housing 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.

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established Uniform Financial Reporting Standards that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

**FUND STATEMENTS**

The Financial Data Schedule reports the Housing Authority's operations in more detail. The Housing Authority reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

**Housing Authority of the City of Rome City**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2023**  
**(Continued)**

**FUND STATEMENTS (CONTINUED)**

*Low Rent Public Housing Program:* Under this program, the Housing Authority rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Authority to lease these units at a rate that is based on 30% of the household income or a flat rent.

*Capital Fund Program:* Under this program, the Housing Authority is awarded funds each year to use for Capital needs. The Housing Authority also has the ability to use up to 100% of these funds, if need be, to supplement Operating Subsidies, since the Housing Authority is considered a “small” PHA. This program is the primary funding source for physical improvements to its properties.

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the following table, assets exceeded liabilities by \$1,277,850 at the close of the fiscal year ended June 30, 2023 an increase from \$1,167,096 in 2022. The increase in net position of \$110,754 was due to the change in net position for the current fiscal year.

The unrestricted net position was \$195,813 as of June 30, 2023. This amount may be used to meet the Housing Authority's ongoing obligations. At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET POSITION**

**June 30,**

	2023	2022	Dollar Change
Current and other assets	\$ 246,783	\$ 333,955	\$ (87,172)
Capital assets, net	1,082,037	910,368	171,669
Deferred outflow of resources	20,792	20,803	(11)
Total assets and deferred outflow of resources	1,349,612	1,265,126	84,486
Current liabilities	28,682	51,422	(22,740)
Accrued pension liabilities	37,846	17,632	20,214
Total liabilities	66,528	69,054	(2,526)
Deferred inflow of resources	5,234	28,976	(23,742)
Net position:			
Net investment in capital assets	1,082,037	910,368	171,669
Unrestricted net position	195,813	256,728	(60,915)
Total Net Position	\$ 1,277,850	\$ 1,167,096	\$ 110,754

**Housing Authority of the City of Rome City  
Management's Discussion & Analysis (MD&A)  
June 30, 2023  
(Continued)**

**FINANCIAL ANALYSIS (Continued)**

Total current assets decrease of \$(87,172) and was due in large part, to payments for capital acquisitions of \$(242,950).

The current liabilities decreased by \$(22,740) due to accrued liabilities-other decreased by \$(12,284) and accounts payable-PILOT decreased by \$(14,488) from the prior fiscal year.

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

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

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

	June 30, 2023	June 30, 2022	Dollar Change
<b>Revenues and contributions</b>			
Operating, non operating, capital contributions:			
Dwelling rent	\$ 147,578	\$ 148,556	\$ (978)
Tenant revenue-other	445	360	85
Total PHA generated Revenue	148,023	148,916	(893)
HUD operating grants	411,198	380,060	31,138
Capital grants	0	58,798	(58,798)
Other income	0	100	(100)
Interest income	425	145	280
<b>Total Revenues and Contributions</b>	<u>559,646</u>	<u>588,019</u>	<u>(28,373)</u>
<b>Expenses</b>			
Personnel services	108,842	95,051	13,791
Utilities	52,296	50,923	1,373
Maintenance	106,789	72,489	34,300
Insurance	31,327	24,144	7,183
Payments in lieu of taxes	9,528	9,763	(235)
Other supplies and expenses	68,829	55,249	13,580
Depreciation	71,281	65,424	5,857
<b>Total Expenses</b>	<u>448,892</u>	<u>373,043</u>	<u>75,849</u>
Change in net position	110,754	214,976	(104,222)
Prior period adjustment	0	1,120	(1,120)
Beginning net position	1,167,096	951,000	216,096
Ending net position	<u>\$ 1,277,850</u>	<u>\$ 1,167,096</u>	<u>\$ 110,754</u>

**Housing Authority of the City of Rome City  
Management’s Discussion and Analysis (MD&A)  
June 30, 2023  
(Continued)**

**FINANCIAL ANALYSIS (Continued)**

*Revenues:*

Housing Authority of the City of Rome City’s primary revenue sources are subsidies and grants received from HUD. Please note that Capital Fund Program grants can be classified as either soft cost revenue or hard cost revenue, for this fiscal year the Housing Authority chose to classify all of the capital grants as soft costs. Revenue received from HUD for the year ended June 30, 2023 for the low rent program for operations increased over the fiscal year ending June 30, 2022 by \$31,138. For the fiscal year ending June 30, 2023, revenue generated by the Commission accounted for \$148,023 (or 26.4% of total revenue), while HUD contributions accounting for \$411,198 (or 73.5% of total revenue). Total revenues and contributions decreased by \$28,373 due in large part, to the Housing Authority receiving less in capital fund grants for the current fiscal year.

*Expenses:*

Total expenses for the fiscal year ending June 30, 2023 were \$448,892 while for the fiscal year ending June 30, 2022, they were \$373,043. This represents an 20.3% increase in our operating costs. The expenses increased in large part, due to maintenance contract costs increasing \$26,974, extraordinary maintenance costs increasing by \$11,385, and administrative salaries and administrative benefits increasing by \$13,791 over the prior fiscal year.

The following represents changes in Federal Assistance received:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Dollar Change</u>
Public Housing Operating			
Subsidy	\$ 157,713	\$ 160,074	\$ (2,361)
Capital Fund Program	253,485	259,683	(6,198)
Public Housing CARES Act			
Funding	0	19,101	(19,101)
Total	<u>\$ 411,198</u>	<u>\$ 438,858</u>	<u>\$ (27,660)</u>

The above chart is segregated as to the Program source of funds, not the use of funds. HUD decreased the percentage of funding for the operating subsidy and the Housing Authority used several year’s capital fund grants during the current fiscal year versus about the same in the prior fiscal year.

*Budget Analysis:*

A Low Rent Public Housing Operating Budget for the fiscal year ending June 30, 2023 was presented to and approved by the Board of Commissioners. Actual results were in line with the budgeted amounts.

**Housing Authority of the City of Rome City  
Management's Discussion and Analysis (MD&A)  
June 30, 2023  
(Continued)**

**OPERATIONAL HIGHLIGHTS**

The Housing Authority of the City of Rome City provided the following housing for low-income individuals and families:

	June 30, 2023	June 30, 2022
Low Rent Public Housing Program	50	50

The Housing Authority had a lease up rate of 97.8% for the current fiscal year.

**CAPITAL ASSETS**

The Housing Authority of the City of Rome City's investment in capital assets, as of June 30, 2023 amounts to \$1,082,037 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment.

**CAPITAL ASSETS  
NET OF ACCUMULATED DEPRECIATION  
June 30,**

	2023	2022	Dollar Change
Land	\$ 586,777	\$ 586,777	\$ 0
Buildings	3,037,950	2,802,383	235,567
Furniture, equipment and machinery dwellings	50,991	50,991	0
Furniture, equipment and machinery - administration	134,397	127,014	7,383
Building improvements	90,463	90,463	0
	3,900,578	3,657,628	242,950
Accumulated depreciation	(2,818,541)	(2,747,260)	(71,281)
Total	\$ 1,082,037	\$ 910,368	\$ 171,669

Capital assets increased by \$171,669, because of capital outlays of \$242,950 and depreciation of \$(71,281).

**Housing Authority of the City of Rome City  
Management's Discussion and Analysis (MD&A)  
June 30, 2023  
(Continued)**

**CAPITAL ASSETS (CONTINUED)**

During the fiscal year ending June 30, 2023, our Capital Fund Program work projects included:

Capital projects for this fiscal year included replacing some office software,

The capital projects planned for the next fiscal year include costs for operations and maintenance of the units.

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

The Housing Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Authority is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

Although the Housing Authority remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

We know of no other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or results of operations (revenues, expenses, and other changes).

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Cara Babyak-Sisson, Executive Director  
Housing Authority of the City of Rome City  
500 Front Street  
Rome City, IN 46784-0415

## **FINANCIAL STATEMENTS**

**Housing Authority of the City of Rome City**  
**Statement of Net Position**  
**June 30, 2023**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 40,710
Receivables, net	152,829
Investments	48,755
Prepaid expenses and other assets	2,144
Inventories, net	2,345
Total Current Assets	246,783

Capital Assets:

Land	586,777
Buildings	3,037,950
Equipment	185,388
Building improvements	90,463
	3,900,578
Less: accumulated depreciation	(2,818,541)
Net Capital Assets	1,082,037

Deferred outflow of resources	20,792
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Total Assets and Deferred Outflow of Resources	\$ 1,349,612
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**LIABILITIES and NET POSITION**

Current Liabilities:

Accounts payable	\$ 21,678
Tenant security deposit liability	3,185
Accrued expenses	2,041
Unearned revenue	1,778
Total Current Liabilities	28,682

Noncurrent Liabilities:

Accrued pension	37,846
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Total Liabilities	66,528
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Deferred inflow of resources	5,234
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Net position:

Net investment in capital assets	1,082,037
Unrestricted net position	195,813
Total Net Position	1,277,850

Total Liabilities, Deferred Inflows of Resources and Equity	\$ 1,349,612
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See notes to financial statements

**Housing Authority of the City of Rome City  
Statement of Revenues, Expenses, And  
Changes in Net Position  
Year Ended June 30, 2023**

**OPERATING REVENUES:**

Dwelling rent	\$	147,578
Non dwelling rents		445
Operating grants		411,198
		411,198
Total operating revenues		559,221

**OPERATING EXPENSES:**

Administrative		100,365
Utilities		52,296
Maintenance		145,656
Insurance		31,327
Compensated absences		5,193
Payments in lieu of taxes		9,528
Bad debt-tenant rents		21,861
Extraordinary maintenance		11,385
Depreciation		71,281
		71,281
Total operating expenses		448,892
Operating income (loss)		110,329

**NON OPERATING REVENUES:**

Investment interest income		425
		425
Total non operating revenues		425

**CAPITAL CONTRIBUTIONS**

		0
Change in net position		110,754
Net position, beginning		1,167,096
Net position, ending	\$	1,277,850

See notes to financial statements

**Housing Authority of the City of Rome City**  
**Statement of Cash Flows**  
**Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from dwelling rents	\$	130,818
Cash received from operating grants		432,452
Cash payments to other suppliers of goods and services		(267,786)
Cash payments for wages and employee benefits		(112,616)
Cash payments for in lieu of taxes		(24,016)
		158,852
Net cash provided by operating activities		158,852

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Tenant security deposits		(600)
		(600)
Net cash (used) by noncapital financing activities		(600)

**CASH FLOW FROM CAPITAL AND RELATED FINANCING**

Payments for capital acquisitions		(242,950)
Capital grants		97,532
		(145,418)
Net cash (used) by capital and related financing activities		(145,418)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Receipts of interest income		397
Investments		(374)
		23
Net cash provided by investing activities		23

Net increase (decrease) in cash		12,857
Cash and cash equivalents, beginning		27,853
		40,710
Cash and cash equivalents, ending	\$	40,710

See notes to financial statements

**Housing Authority of the City of Rome City**  
**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2023**

**RECONCILIATION OF OPERATING INCOME (LOSS)**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income (loss)	\$	110,329
Adjustments to reconcile operating (loss) to net cash provided (used)		
By operating activities:		
Depreciation		71,281
Allowance for doubtful accounts - tenants		38
Allowance for obsolete inventories		(2,300)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants		(18,557)
Accounts receivable-HUD		21,254
Inventories		2,763
Prepaid expenses		(299)
Deferred outflow of resources		11
Increase (decrease) in liabilities:		
Accounts payable		3,575
Accrued wage/payroll taxes payable		(257)
Accrued liabilities-other		(12,284)
Accrued pension liability		20,214
Unearned revenue		1,314
Accounts payable-PILOT		(14,488)
Deferred inflow of resources		(23,742)
		158,852
Net cash provided by operating activities	\$	158,852

See notes to financial statements

**Housing Authority of the City of Rome City**  
**Notes to Financial Statements**  
**June 30, 2023**

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Housing Authority of the City of Rome City (“Housing Authority”) is an independent municipal entity created by the City of Rome pursuant to Indiana state law and the National Housing Act of 1937. Although the Housing Authority maintains close ties with the City of Rome in several respects, the Housing Authority is not a component unit of the City, as defined by the Governmental Accounting Standards Board, since the City is not financially accountable for the operations of the Housing Authority, and has no responsibility to fund its deficits or receive its surpluses. The Housing Authority operates under a Board of Commissioner form of government to provide safe and decent housing for eligible low and moderate income families and elderly individuals. The Board is comprised of seven members, all City of Rome residents, appointed by the City Mayor. The Board appoints an Executive Director who acts as the Secretary of the Housing Authority.

1. Reporting Entity

The Housing Authority’s financial statements include the accounts of all of the Housing Authority’s operations. The Housing Authority maintains its accounting records by program and operates the following programs:

**Low Income Public Housing**

This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Housing Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and/or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Housing Authority receives grants from HUD to subsidize operating costs. Tenants are charged rents based on a percentage of their incomes. HUD subsidizes 50 federal public housing units through this program.

**Public Housing Capital Fund**

HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Housing Authority under the Low Income Public Housing Program. A designated portion of these funds may also be used to support operations and to make improvements in the management and operation of the Housing Authority’s Low Income Public Housing Program.

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government. For the most part, interfund activity has been eliminated in the preparation of these statements.

The Housing Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund.

3. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are charges to customers for rents. 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.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

If/when, both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

5. Budgets and Budgetary Accounting

The Housing Authority adopts a formal operating budget each year for its operating programs and on a project-length basis for its capital expenditures, which are approved by the board of commissioners and submitted to the U.S. Department of Housing and Urban Development for their approval, if required.

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

6. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts. The cash equivalents are recorded at cost, which approximates market.

7. Tenant Accounts Receivable and Allowance for Bad Debts

Tenant accounts receivable are stated at net rent amounts. Tenant accounts generally are collectible as long as the tenant is occupying the unit; thus, no allowance for bad debts has been established by management. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit and after procedures have been followed to recover outstanding amounts, is charged as a reduction of rental revenue.

8. Prepaid Expenses

Prepaid expenditures, such as insurance premiums and deferred costs, which are expected to be written off within the next fiscal year, are included in net current assets.

9. Compensated Absences

Housing Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days according to contract or personnel policies. In the event of termination by retirement or death, an employee is not paid for accumulated sick days according to contract or personnel policies.

10. Interprogram Activity

During the course of operations, transactions occur within individual programs that may result in amounts owed or transfers between programs. Offsetting interprogram receivables and payables as well as offsetting interprogram transfers are eliminated for financial statement presentation. For the fiscal year ended June 30, 2023, there were no interprogram receivables and payables and there was \$253,485 in operating transfers from the capital fund program to the low rent program.

11. Buildings and Equipment

Buildings and equipment are recorded at historical cost. Costs in excess of \$500 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

11. Buildings and Equipment (Continued)

Buildings	40 years
Building improvements	15 years
Equipment and furnishings	5 - 10 years

Land and land improvements include approximately \$586,777 of capitalized land that is not subject to depreciation.

12. Income Taxes

The Housing Authority is a quasi-governmental entity. The Housing Authority is not subject to Federal or State income taxes.

13. 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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

14. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will, when applicable, report separate sections for deferred outflows or resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources* a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

15. Unearned Revenue

The Housing Authority reports unearned revenue in connection with resources that have been received, but not yet earned.

16. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE A: DESCRIPTION OF THE HOUSING AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

17. Net Position

Net positions are comprised of three categories (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The Housing Authority's positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Housing Authority's policy is to first apply restricted resources. Each component of net position is reported separately on the statement of net position.

- i. Net Investment in capital assets – This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- ii. Restricted – This category equals the restricted cash of and the Housing Authority consists of net position restricted for use by (1) external groups such as grantors, creditors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- iii. Unrestricted – This category includes all of the remaining net position that do not meet the definition of the other two categories.

18. Subsequent Events

The financial statements and related disclosures include evaluation of events through and including, November 28, 2023, which is the date the financial statements were available to be issued.

**NOTE B: CASH AND CASH EQUIVALENTS**

Indiana Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Indiana. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Indiana or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Indiana.

**NOTE B: CASH AND CASH EQUIVALENTS (CONTINUED)**

The Housing Authority has designated one bank for the deposit of its funds. The Housing Authority's deposits are included on the balance sheet under the classification cash and cash equivalents and consist of the following:

Cash – operations	\$	40,710
Investments		48,755
	\$	<u>89,465</u>

The above deposits are classified by Governmental Accounting Standards Board Statement Nos. 3 and 40 in the following categories as of June 30, 2023:

Bank deposits (checking account and Certificates)	\$	<u>89,465</u>
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**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's may not be returned to it. At year end, the Housing Authority had no bank deposits (checking accounts) that were uninsured and uncollateralized.

**NOTE C: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance 06/30/22</u>	<u>Additions/ Transfers In</u>	<u>Retirements/ Transfers Out</u>	<u>Balance 06/30/23</u>
<b>Low Rent Program</b>				
Land	\$ 586,777	\$ 0	\$ 0	\$ 586,777
Buildings	2,802,383	235,567	0	3,037,950
Furniture, equipment & machinery - dwellings	50,991	0	0	50,991
Furniture, equipment & machinery - administration	127,014	7,383	0	134,397
Building improvements	90,463	0	0	90,463
	<u>3,657,628</u>	<u>\$ 242,950</u>	<u>\$ 0</u>	<u>3,900,578</u>
Less accumulated depreciation	<u>(2,747,260)</u>	<u>\$ (71,281)</u>	<u>\$ 0</u>	<u>(2,818,541)</u>
Total	<u>\$ 910,368</u>			<u>\$ 1,082,037</u>

## **NOTE D: RETIREMENT PLAN**

### ***Description of Pension Plan***

The Housing Authority of Rome participates in a cost-sharing multiple-employer Pension Plan, as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Employees' Retirement System (INPRS). INPRS is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS reports are available online at <https://www.in.gov/inprs/publications/actuarial-valuation-reports/>.

Members include officers and employees of the units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid plan.

### ***Benefits Provided***

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old with sum of age and vesting service equal to 85 or more is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

As of June 30, 2021 members in pay were granted a 1.00% COLA on January 1, 2023 and no COLA on January 1, 2023. Therefore, the following COLAs, compounded annually, were assumed:

0.4% beginning on January 1, 2024

0.5% beginning on January 1, 2034

0.6% beginning on January 1, 2039

The PERF hybrid plan also provides disability and survivor benefits.

## **NOTE D: RETIREMENT PLAN (CONTINUED)**

### ***Contributions***

Each member is required to contribute to a Defined Contribution Account at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest based on the investment elections of each member until such time as they are withdrawn or annuitized by the member.

The Defined Contributions Account benefit is in addition to the annuity benefits provided by employer contributions. During FYE 2018 the Defined Contribution Accounts were completely separated from the defined benefit plan, and so are no longer relevant to the valuation process.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

At June 30, 2022, the Housing Authority reported a liability of \$37,846 for its proportionate share of the net position liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Housing Authority's proportion of the net pension liability was based on the Housing Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the Housing Authority's proportion was 0.0000120%.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)***

For the year ended December 31, 2022, the Housing Authority recognized pension expense of \$4,839.

At July 2022, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 816	\$ 144
Net differences between projected and actual earnings on pension plan investments	4,671	0
Changes in assumptions	5,126	1,619
Changes in proportion and differences between employer contributions and proportionate share of contributions	201	3,471
Adjustments	9,978	0
<b>Total</b>	<b>\$ 20,792</b>	<b>\$ 5,234</b>

**NOTE D RETIREMENT PLAN (CONTINUED)****Pension Expense/(Income)**

Proportionate Share of Plan Pension Expense	\$	4,839
Specific Liabilities of Individual Employers		0
Net Amortization of Deferred Amounts from Changes in		(1,881)
Total	\$	<u>2,958</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year ended:</b>	<b>Amortization of net Deferred outflows (inflows) or resources</b>
2023	\$ 200
2024	1,862
2025	(1,422)
2026	4,940
2027	0
Thereafter	0
<b>Total</b>	<b>\$ <u>5,580</u></b>

***Actuarial Assumptions***

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Economic Assumptions	
1. Investment return	6.25% per year, compounded annually
2. Inflation	2.00% per year
3. Salary increase	Wage inflation 2.65%, Merit 6.00%
4. Cost-of-living adjustment (COLA)	Members in pay were granted a 1.00% COLA Effective January 1, 2023 for the next biennium. Therefore, the following COLAs, compounded annually, were assumed:
	0.4% beginning on January 1, 2024
	0.5% beginning on January 1, 2034
	0.6% beginning on January 1, 2039
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables (Amount Weighted) with a full Generational projection of mortality Improvements using SOA Scale MP-2019.

**NOTE D: RETIREMENT PLAN (CONTINUED)**

***Sensitivity of the Housing Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate***

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate.

	<b>1% Decrease to Discount Rate (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase To Discount Rate (7.25%)</b>
Proportionate share of the net pension liability	<u>\$ 63,936</u>	<u>\$ 37,846</u>	<u>\$ 16,085</u>

***Payables to the Pension Plan***

At December 31, 2022, the Housing Authority reported a payable of \$37,846 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

<b>Net Pension Liability as of 2021</b>	<b>\$ 17,632</b>
:	
Deferred Outflow/inflow of Resources:	
- Differences Between Expected and Actual Experience	421
- Net Difference Between Projected and Actual Investment	27,565
- Change in Assumptions	(1,401)
- Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	(1,566)
Pension Expense/Income	2,958
Contributions	<u>(7,763)</u>
Total Activity in FY 2022	<u>20,214</u>
<b>Net Pension Liability as of 2022</b>	<b><u>\$ 37,846</u></b>

The pension information is not audited.

## **NOTE E: RISK MANAGEMENT**

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Authority manages these various risks of loss as follows: Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years

## **NOTE F: COMMITMENTS AND CONTINGENCIES**

### **Commitments – Construction**

At June 30, 2023, the Housing Authority had the following capital fund grants:

	<u>IN36P089501-19</u>	<u>IN36P089501-21</u>	<u>IN36P089501-20</u>
Funds Approved	\$ 92,104	\$ 102,506	\$ 98,379
Funds Expended	(91,645)	(102,506)	(98,379)
Excess of Funds Approved	<u>\$ 459</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds Advanced (HUD Grants)	\$ 91,645	\$ 102,506	\$ 98,379
Funds Expended	(91,645)	(102,506)	(98,379)
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
	<u>IN36P089501-22</u>	<u>IN36P089501-23</u>	
Funds Approved	\$ 126,627	\$ 126,858	
Funds Expended	(126,627)	(42,205)	
Excess of Funds Approved	<u>\$ 0</u>	<u>\$ 84,653</u>	
Funds Advanced (HUD Grants)	\$ 126,627	\$ 42,205	
Funds Expended	(126,627)	(42,205)	
Excess of Funds Advanced	<u>\$ 0</u>	<u>\$ 0</u>	

The audited costs for the 2020, 2021 and 2022 CFP agree with the amounts disbursed.

### **Contingencies**

The Housing Authority is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Housing Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

**SUPPLEMENTARY INFORMATION**

**Barry E. Gaudette, CPA, PC**  
**3149 Lake Meadows Circle**  
**Traverse City, Michigan 49685**

**Independent Accountant’s Report on Applying Agreed-Upon Procedure**

To the Board of Commissioners  
Housing Authority of the City of Rome City

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Rome City (the “Housing Authority”) and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Housing Authority and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS Rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for the Housing Authority of the City of Rome City as of and for the year ended June 30, 2023, and have issued our reports thereon dated November 28, 2023. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated November 28, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

## Independent Accountant’s Report on Applying Agreed-Upon Procedure

### Page Two

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor’s reports, is available in its entirety from the Housing Authority of the City of Rome City. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the “UFRS Rule Information” column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

*Barry E. Gaudette, CPA, PC*

November 28, 2023

#### ATTACHMENT TO INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURE

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Business Sheet, Revenue and Expense and Cash Flow Data	Financial Data Templates (i.e. the Financial Data Schedule)	X	
2	Footnotes	Footnotes to Audited Basic Financial Statements	X	
3	Type of Opinion on the Financial Statements and Compliance	Auditor’s Reports on the Financial Statements and Compliance	X	
4	Type of Opinion on Financial Data Templates	Auditor’s Supplemental Report on Financial Data Templates	X	

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**Barry E. Gaudette, CPA, PC  
3149 Lake Meadows Circle  
Traverse City, Michigan 49685**

**Independent Auditor's 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 Housing Commissioners  
Housing Authority of the City of Rome City  
Noble County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Rome City, Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Rome City, Indiana's basic financial statements, and have issued our report thereon dated November 28, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Rome City, Indiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Rome City, Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Rome City, Indiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barry E. Gaudette, CPA, PC*

November 28, 2023