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May 20, 2009

Board of Commissioners
Bloomfield Housing Authority
100 W. Main St., Apt. 801
Bloomfield, IN 47424-1347

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, Independent Public Accountant, for the period January 1, 2006 to December 31, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Bloomfield Housing Authority, as of December 31, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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

TWELVE MONTHS ENDED DECEMBER 31, 2006

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

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Independent Auditor's Report

Board of Directors
Bloomfield Housing Authority
Bloomfield, Indiana

I have audited the accompanying basic financial statements of Bloomfield Housing Authority, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bloomfield Housing Authority, as of December 31, 2006 and the respective changes in financial position and cash flows for the year end in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 29, 2007, on my consideration of the Bloomfield Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10, are not a required part of the 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 supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements of the Bloomfield Housing Authority, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Bloomfield Housing Authority. The accompanying financial data schedule and other additional statements and schedules listed as supplemental data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Bloomfield Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Decatur, Illinois
August 29, 2007


Certified Public Accountant

Management's Discussion and Analysis

As management of the Housing Authority of the City of Bloomfield, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Bloomfield.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Assets reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.
- Comparison of budget vs. actual – reports the Authority's actual operating revenues and expenses versus the budgeted amounts.

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

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

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

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

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

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

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

Low Income Public Housing (LIPH)

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

Section 8 Housing Choice Vouchers (Section 8 Vouchers)

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

Capital Fund Program (CFP)

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

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending December 31, 2006 that will significantly affect the Authority's Net Assets either positively or negatively.

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

Condensed Comparative Financial Statements

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

Total Assets for FYE 2006 was \$2,546,789 and at FYE 2005 the amount was \$2,306,829. This represents a net decrease of \$209,719.

Cash decreased by \$91,730 or 39%. Cash decreased because the Authority expended cash drawn from Capital Funds in Fiscal Year 2005 during Fiscal Year 2006.

Other Current Assets increased by \$12,706. This increase was related to an increase in prepaid expenses.

Capital Assets decreased by \$130,695. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased 56%. The major cause of this was a decrease in the deferred revenues (CFP draws were expended).

The table on the below illustrates our analysis:

	2006	2005	Net Change	Percent Variance
Cash	146,312	238,042	-91,730	-38.5%
Other Current Assets	48,487	35,781	12,706	35.5%
Capital Assets	2,351,990	2,482,685	-130,695	-5.3%
Non Current Assets	0	0	0	0.0%
Total Assets	2,546,789	2,756,508	-209,719	-7.6%
Current Liabilities	169,998	396,304	-226,306	-57.1%
Long Term Liabilities	0	0	0	0.0%
Total Liabilities	169,998	396,304	-226,306	-57.1%
Net Invested in Capital Assets	2,351,990	2,482,685	-130,695	-5.3%
Restricted Net Assets	0	0	0	0.0%
Unrestricted Net Assets	96,923	53,375	43,548	81.6%
Total Net Assets	2,448,913	2,536,060	-87,147	-3.4%

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

Analysis of Entity Wide Revenues (Statement of Activities)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2006 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Low Income Public Housing	\$359,273
Section 8 Vouchers	\$180,054
Capital Fund/Comprehensive Grant Program	\$144,209

Total revenues for Fiscal Year Ending December 31, 2006 were \$683,236 as compared to the total revenues for Fiscal Year Ending December 31, 2005 of \$573,683. Comparatively, Fiscal Year Ending 2005 revenues increased from Fiscal Year Ending 2004 revenues by \$109,553.

	<u>2006</u>	<u>2005</u>	<u>Variance</u>	<u>Percentage Change</u>
Total Tenant Revenue	191,121	171,677	19,444	11%
HUD Operating Grants	477,697	385,037	92,660	24%
Investment Income	3,034	1,824	1,210	66%
Other Revenue	11,384	15,145	(3,761)	-25%
Total Revenue	<u>683,236</u>	<u>573,683</u>	<u>109,553</u>	<u>19%</u>

Tenant Revenues increased due to a slight increase in the number of unit months leased in the public housing program.

HUD Operating Grants income recognized increased due to Housing Authority expending previously drawn CFP funds and the related revenue recognition of the funds.

Investment Income increased due to an increase in interest rates.

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending December 31, 2006 were \$770,383 as compared to \$807,304 of total expenditures for Fiscal Year Ending December 31, 2005. Comparatively, Fiscal Year Ending 2005 expenditures decreased from Fiscal Year Ending 2005 expenditures by \$36,921. Changes by major expense category will be presented below.

Administrative expenditures increased by \$23,495 or 12%. The major cause for this increase is the Authority's portion of health insurance increased.

Tenant Services expenditures decreased by \$404 or 47%. This was due to budget cuts in this area.

Utilities increased by \$3,825 or 10%. Electric costs increased by \$6,502. However, the winter was less cold than in the prior year, which decreased the gas usage. Electric costs increased due to increased rates.

Maintenance expenditures decreased by \$5,882 or 14%. The major cause for this decrease is the Authority reduced maintenance staff by one full time employee (replaced by two part time employees).

Extraordinary Maintenance decreased by \$583. The Authority used capital fund money for major extraordinary projects.

Housing Assistance Payments decreased by \$11,439 or 9%. Leased units for the Voucher Program decreased by 61 units from fiscal year 2005.

The table on the below illustrates our analysis:

	2006	2005	Net Change	Percent Variances
Administrative	184,985	161,490	23,495	12%
Tenant Services	466	870	-404	-47%
Utilities	99,867	96,045	3,822	10%
Maintenance	93,658	99,540	-5,882	14%
General Expense	22,582	48,789	-26,207	-52%
Extraordinary Maintenance	1,248	1,831	-583	-32%
Housing Assistance Payments	126,162	137,601	-11,439	-9%
Depreciation Expense	253,646	245,952	7,694	4%
Total Expenses	<u><u>\$770,383</u></u>	<u><u>\$807,304</u></u>	<u><u>-\$3,921</u></u>	<u><u>-5%</u></u>

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

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Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles. Program budgets for the Section 8 Programs are approved by the U.S. Department of Housing and Urban Development.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved. The Authority is permitted four years to expended theses funds. Income is only recognized as funds are expended. For the purposes of this analysis, the amount budget is equal to the actual expense.

Housing Authority Budgetary Highlights

Results of Operations

Management prepared a budget that anticipated a loss of \$103,571. Actual results of operation reflected a loss of \$236,764.

Tenant Rental Revenue was over budget by \$17,461 or 10%. Units leased for the Public Housing Program increased.

HUD Operating Grants were over budget by \$32,054. The Authority anticipated a slightly higher Section 8 leasing increase than the actual increase. This is less than 8% over requisitioned on Section 8 funds.

Other Income was over budget by \$1,874 or 19%.

Administrative Expenses were under budget by \$12,599 or 7%. This was due to increases in benefits.

Utilities were over budget by \$15,017 or 18%. The winter temperatures were not as cold in this current year, which decreased the gas usage, however electric usage was more than anticipated.

Housing Assistance Payments were under by \$56,274 versus what the HA received for these for these payments from HUD. The Authority anticipated a slightly higher Section 8 leasing increase than the actual increase.

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

	Budget	Actual	Variance	Percent Variances
Tenant Revenue	173,660	191,121	-17,461	-9%
HUD Operating Grants	333,594	365,648	-32,054	-9%
HUD Capital Grants	96,652	112,049	-15,397	-14%
Investment Income	3,000	3,034	-34	-1%
Other Revenue	9,510	11,384	-1,874	-17%
Total Revenue	616,416	683,236	-66,820	-10%
Administrative	172,386	184,985	-12,599	-7%
Tenant Services	800	466	334	72%
Utilities	84,850	99,867	-15,017	-15%
Maintenance	94,490	93,658	832	1%
General Expense	54,400	22,582	31,818	141%
Extraordinary Maintenance	0	1,248	-1,248	-100%
Housing Assistance Payments	176,436	126,112	50,324	40%
Depreciation Expenses	253,646	253,646	0	0%
Total Expenses	837,008	782,564	54,444	7%
Net Income (Loss)	-220,592	-99,328	-121,264	0%

**HOUSING AUTHORITY OF THE CITY OF BLOOMFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2006**

ANALYSIS OF CAPITAL ASSET ACTIVITY

Buildings & Leasehold Improvements increased 40,375 from previous year.

Furniture, Equipment & Machinery – Dwelling decreased by a net amount \$4,201 or 6%.

Furniture, Equipment & Machinery – Administration increased by a net amount \$28,109 or 14%. The following is a list of the assets purchased under this category during the fiscal year ending December 31, 2006:

Computers	7,814
Washer/Dryer	4,705
4 Wheeler with cab/snow blower	22,687

Accumulated Depreciation increased by \$237,745 or 11%. This is the amount of current year depreciation expense.

	2006	2005	Variance	Percentage Change
Land	147,934	147,934	0	0.0%
Buildings	1,318,511	1,318,511	0	0.0%
Furniture, Equipment, & Machinery - Dwelling	75,780	79,981	-4,201	-5.3%
Furniture, Equipment, & Machinery - Administrative	233,418	205,309	28,109	13.7%
Leasehold Improvements	2,920,656	2,880,281	40,375	1.4%
Construction in Process	92,043	49,276	42,767	86.8%
Total Fixed Assets	4,788,342	4,681,292	107,050	2.3%
Accumulated Depreciation	2,436,352	2,198,607	237,745	10.8%
Net Fixed Assets	2,351,990	2,482,685	-130,695	-5.3%

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF NET ASSETS- PROPRIETARY FUNDS
AS OF DECEMBER 31, 2006**

ASSETS

CURRENT ASSETS

Cash	\$ 146,312
Accounts receivable (interfund eliminated)	2,930
Investments	10,000
Inventory	1,665
Deferred charges	<u>33,892</u>

Total Current Assets \$ 194,799

CAPITAL ASSETS

Land, buildings and equipment	\$ 4,788,342
Less: Accumulated depreciation	<u>-2,436,352</u>

Net Capital Assets \$ 2,351,990

Total Assets \$ 2,546,789

LIABILITIES

CURRENT LIABILITIES

Accounts payable (interfund eliminated)	\$ 47,999
Accrued liabilities	17,879
Deferred credits	<u>31,998</u>

Total Current Liabilities \$ 97,876

NET ASSETS

Unrestricted	\$ 96,923
Invested in capital assets	<u>2,351,990</u>

Total Net Assets \$ 2,448,913

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES - PROPRIETARY FUNDS
AND CHANGES IN NET ASSETS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

Operating Income

Tenant rental revenue	\$ 178,220
Tenant revenue - other	<u>12,901</u>
Total Rental Income	\$ 191,121
HUD grants - operating	365,648
Other revenue	12,414
Gain (loss) on sale of fixed assets	<u>-1,030</u>
Total Operating Income	<u>\$ 568,153</u>

Operating Expenses

Administration	\$ 184,985
Tenant services	466
Utilities	99,867
Ordinary maintenance and operation	93,658
General expense	22,582
Extraordinary maintenance	1,248
Housing assistance payments	126,162
Depreciation	<u>241,415</u>
Total Operating Expenses	<u>\$ 770,383</u>
Net Operating Income (Loss)	<u>\$ -202,230</u>

Nonoperating Income (Expense)

HUD grants - capital	\$ 112,049
Interest income	<u>3,034</u>
Total Nonoperating Income (Expense)	<u>\$ 115,083</u>
Changes in net assets	\$ -87,147
Net assets, beginning of year	<u>2,536,060</u>
Net assets, end of year	<u>\$ 2,448,913</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

Operating Activities

Operating grants	\$ 366,487
Tenant revenue	189,300
Other revenue	11,384
Housing assistance payments	-126,162
Payments to employees	-146,119
Payments to suppliers and contractors	<u>-390,983</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -96,093</u>

Investing Activities

Interest income	<u>\$ 3,034</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 3,034</u>

Capital and Related Financing Activities

HUD grants - capital	\$ 112,049
(Additions) deletions to fixed assets	<u>-110,720</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 1,329</u>
Net Change in Cash	\$ -91,730
Cash Balance at December 31, 2005	<u>238,042</u>
Cash Balance at December 31, 2006	<u><u>\$ 146,312</u></u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

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

Net operating income (loss)	\$ -202,230
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	241,415
(Increase) decrease in accounts receivable	102,440
(Increase) decrease in deferred charges	-12,115
(Increase) decrease in inventories	599
(Increase) decrease in other assets	104
Increase (decrease) in accounts payable	-77,954
Increase (decrease) in accrued liabilities	-13,932
Increase (decrease) in deferred revenues	<u>-134,420</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -96,093</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Bloomfield Housing Authority was established by the City of Bloomfield pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the City of Bloomfield and concluded that the City does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the City, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority. Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Bloomfield Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Funds -

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

- * Low Rent Public Housing
- * Housing Choice Vouchers
- * Capital Fund Program

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Invested in Capital Assets Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

(d) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

(e) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at December 31, 2006, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(f) Inventories and Materials -

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

(g) Investments -

Investments are stated at cost which approximates market.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(h) Fixed Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the initial cost of a piece of equipment and/or other personal property is one thousand dollars (\$1,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

- 1) The total development construction costs incurred for each project at the end of the initial operating period,
- 2) nonexpendable equipment, and
- 3) property betterments and additions
- 4) land acquisitions.

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	40	years
Equipment	5	years
Transportation equipment	5	years
Furniture and fixtures	5-10	years
Leasehold improvements	15	years

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(i) Income Tax -

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

(j) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

(k) The Housing Authority adopts a budget annually. The budget is approved by the Board of Commissioners. Subsequent budget revisions must also be required to be approved.

(l) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.
- Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Fund</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Low Rent	\$ 39,448	\$ 40,399
Voucher	<u>106,864</u>	<u>118,633</u>
Total	<u>\$ 146,312</u>	<u>\$ 159,032</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

Similar to cash deposits, investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Investments that are insured, registered or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.
- Category 2 - Investments which are uninsured and unregistered held by the counter-party's trust department or agent in the Housing Authority's name.
- Category 3 - Uninsured or unregistered investments held by the counter-party, its trust or its agent, but not in the Housing Authority's name.

Based on the three levels of risk, all of the Housing Authority's investments are classified as Category 1.

<u>Fund</u>	<u>Book Balance</u>	<u>Market Value</u>
Low Rent	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Note 3 - Compensated Absences

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

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

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Authority provides pension benefits for all its full-time employees through a defined contribution plan with Met Life. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 13.0% of the employee's base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Authority's total pension contribution in fiscal year 2006 was \$18,555.

Note 5 - Accounts Receivable

Accounts receivable consists of the following accounts:

Tenants accounts receivable (net)	\$ 2,726
Fraud recovery	730
Allowance for doubtful accounts - fraud recovery	-730
Other	<u>204</u>
Subtotal	\$ 2,930
Interfund	<u>72,122</u>
Total	<u>\$ 75,052</u>

Note 6 - Investments

At December 31, 2006 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	4.0%	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Note 7 - Deferred Charges

This classification includes the following accounts:

Prepaid insurance	\$ 22,506
Other	<u>11,386</u>
Total	<u>\$ 33,892</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 8 - Fixed Assets

Balance as of December 31, 2006	\$ 2,351,990
Balance as of December 31, 2005	<u>2,482,685</u>
Net Increase (Decrease)	<u>\$ -130,695</u>

Reconciliation

Property betterments and additions	\$ 112,049
Dispositions of nonexpendable equipment	-1,329
Current year depreciation expense	<u>-241,415</u>
Net Increase (Decrease)	<u>\$ -130,695</u>

<u>Analysis</u>	01/01/2006 <u>Balance</u>	Additions/ <u>Transfers</u>	Deletions/ <u>Transfers</u>	12/31/2006 <u>Balance</u>
Land	\$ 147,934	\$ 0	\$ 0	\$ 147,934
Buildings	1,318,511	0	0	1,318,511
Equipment and furniture	285,290	62,779	38,871	309,198
Leasehold improvements	2,880,281	40,375	0	2,920,656
Construction in progress	<u>49,276</u>	<u>83,142</u>	<u>40,375</u>	<u>92,043</u>
Total	\$ 4,681,292	\$ 186,296	\$ 79,246	\$ 4,788,342
Accumulated depreciation	<u>-2,198,607</u>	<u>3,670</u>	<u>241,415</u>	<u>-2,436,352</u>
Net Assets	<u>\$ 2,482,685</u>	<u>\$ 189,966</u>	<u>\$ 320,661</u>	<u>\$ 2,351,990</u>

Note 9 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 36,411
Tenants security deposits	10,724
Payroll withholding payable	839
Accounts payable - other	<u>25</u>
Subtotal	\$ 47,999
Interfund	<u>72,122</u>
Total	<u>\$ 120,121</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 10 - Notes Payable

On August 4, 1987, the U.S. Department of Housing and Urban Development (HUD) issued notice PIH 87-212 to implement the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (PL 99-272, enacted April 7, 1986). This notice states, in part, the following:

Project debt to HUD (HUD-held notes) will be forgiven after a debt forgiveness amendment to the consolidated Annual Contributions Contract has been executed by HUD and the Public Housing Authority and after the Actual Development Cost Certificate has been included in an audit and approved.

As a part of the HUD mandated GAAP conversion and the above referenced notice, all HUD-held notes were recorded as debt forgiveness during a prior fiscal year.

Note 11 - Accrued Liabilities

Accrued liabilities consists of the following:

Current Portion:	
Accrued compensated absences	\$ 16,578
Accrued wages	<u>1,301</u>
Total Current Portion	<u>\$ 17,879</u>

Note 12 - Deferred Revenue

This classification consists of the following accounts:

Tenants prepaid rent	\$ 892
Deferred revenue - other	<u>31,106</u>
Total	<u>\$ 31,998</u>

Note 13 - Administrative Fee

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(CONTINUED)**

Note 14 - Allocation of Costs

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

Note 15 - Contingencies

Federal Grants

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

Note 16 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

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

Note 17 - Economic Dependency

The Housing Authority received most of its revenue (70%) from the United States Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

SUPPLEMENTAL DATA

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850	C-603	FYE 12/31/06	\$ 154,890	\$ 154,890	\$ 154,890
Housing Choice Voucher Program	14.871	C-032	FYE 12/31/06	\$ 178,598	\$ 178,598	\$ 178,598
Public Housing - Capital Fund	14.872	C-603	FYE 12/31/06	\$ 321,588	\$ 144,209	\$ 144,209
Total Housing Assistance				\$ 655,076	\$ 477,697	\$ 477,697

** Denotes audited as a major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED DECEMBER 31, 2006**

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

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2006**

<u>ASSETS</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
CURRENT ASSETS			
Cash	\$ 39,448	\$ 0	\$ 106,864
Accounts receivable	10,241	64,811	0
Investments	10,000	0	0
Inventory	1,665	0	0
Deferred charges	<u>21,681</u>	<u>0</u>	<u>12,211</u>
Total Current Assets	<u>\$ 83,035</u>	<u>\$ 64,811</u>	<u>\$ 119,075</u>
CAPITAL ASSETS			
Land, buildings and equipment	\$ 4,648,166	\$ 140,176	\$ 0
Less: Accumulated depreciation	<u>-2,431,402</u>	<u>-4,950</u>	<u>0</u>
Net Capital Assets	<u>\$ 2,216,764</u>	<u>\$ 135,226</u>	<u>\$ 0</u>
Total Assets	<u>\$ 2,299,799</u>	<u>\$ 200,037</u>	<u>\$ 119,075</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 78,141	\$ 33,705	\$ 8,275
Accrued liabilities	15,651	0	2,228
Deferred revenues	<u>892</u>	<u>31,106</u>	<u>0</u>
Total Current Liabilities	<u>\$ 94,684</u>	<u>\$ 64,811</u>	<u>\$ 10,503</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 2,216,764	\$ 135,226	\$ 0
Unrestricted	<u>-11,649</u>	<u>0</u>	<u>108,572</u>
Total Net Assets	<u>\$ 2,205,115</u>	<u>\$ 135,226</u>	<u>\$ 108,572</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF REVENUE AND EXPENDITURES
TWELVE MONTHS ENDED DECEMBER 31, 2006**

<u>Operating Income</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Tenant rental revenue	\$ 178,220	\$ 0	\$ 0
Tenant revenue - other	<u>12,901</u>	<u>0</u>	<u>0</u>
Total Rental Income	\$ 191,121	\$ 0	\$ 0
HUD grants - operating	154,890	32,160	178,598
Other revenue	12,414	0	0
Gain (loss) on sale of fixed assets	<u>-1,030</u>	<u>0</u>	<u>0</u>
Total Operating Income	<u>\$ 357,395</u>	<u>\$ 32,160</u>	<u>\$ 178,598</u>
 <u>Operating Expenses</u>			
Administration	\$ 134,033	\$ 21,757	\$ 29,195
Tenant services	466	0	0
Utilities	99,867	0	0
Ordinary maintenance and operation	93,658	0	0
General expense	21,968	0	614
Extraordinary maintenance	1,248	0	0
Housing assistance payments	0	0	126,162
Depreciation	<u>237,088</u>	<u>4,327</u>	<u>0</u>
Total Operating Expenses	<u>\$ 588,328</u>	<u>\$ 26,084</u>	<u>\$ 155,971</u>
Net Operating Income (Loss)	<u>\$ -230,933</u>	<u>\$ 6,076</u>	<u>\$ 22,627</u>
 <u>Nonoperating Income (Expense)</u>			
HUD grants - capital	\$ 0	\$ 112,049	\$ 0
Interest income	1,578	0	1,456
Transfers	<u>10,403</u>	<u>-10,403</u>	<u>0</u>
Total Nonoperating Income (Expense)	<u>\$ 11,981</u>	<u>\$ 101,646</u>	<u>\$ 1,456</u>
Changes in Net Assets	<u>\$ -218,952</u>	<u>\$ 107,722</u>	<u>\$ 24,083</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CHANGES IN NET ASSETS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

<u>Invested in Capital Assets</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Balance at December 31, 2005	\$ 2,385,911	\$ 96,774	\$ 0
Current year net income (loss)	-238,217	107,722	0
Transfer	<u>69,270</u>	<u>-69,270</u>	<u>0</u>
Balance at December 31, 2006	<u>\$ 2,216,764</u>	<u>\$ 135,226</u>	<u>\$ 0</u>
 <u>Unrestricted Net Assets</u>			
Balance at December 31, 2005	\$ -31,114	\$ 0	\$ 84,489
Current year net income (loss)	<u>19,265</u>	<u>0</u>	<u>24,083</u>
Balance at December 31, 2006	<u>\$ -11,649</u>	<u>\$ 0</u>	<u>\$ 108,572</u>
Total Net Assets	<u>\$ 2,205,115</u>	<u>\$ 135,226</u>	<u>\$ 108,572</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

<u>Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Operating grants	\$ 154,890	\$ 32,160	\$ 179,437
Tenant revenue	189,300	0	0
Other revenue	11,384	0	0
Housing assistance payments	0	0	-126,162
Payments to employees	-133,719	0	-12,400
Payments to suppliers and contractors	<u>-338,940</u>	<u>-21,757</u>	<u>-30,286</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -117,085</u>	<u>\$ 10,403</u>	<u>\$ 10,589</u>
 <u>Investing Activities</u>			
Interest income	<u>\$ 1,578</u>	<u>\$ 0</u>	<u>\$ 1,456</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,578</u>	<u>\$ 0</u>	<u>\$ 1,456</u>
 <u>Capital and Related Financing Activities</u>			
HUD grant - capital	\$ 0	\$ 112,049	\$ 0
(Additions) deletions to fixed assets	1,329	-112,049	0
Transfer	<u>10,403</u>	<u>-10,403</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 11,732</u>	<u>\$ -10,403</u>	<u>\$ 0</u>
Net Change in Cash	\$ -103,775	\$ 0	\$ 12,045
Cash Balance at December 31, 2005	<u>143,223</u>	<u>0</u>	<u>94,819</u>
Cash Balance at December 31, 2006	<u>\$ 39,448</u>	<u>\$ 0</u>	<u>\$ 106,864</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2006**

Reconciliation of Operating Income (Loss) to Net Cash

<u>Provided (Used) by Operating Activities</u>	<u>Low Rent</u>	<u>Capital Funds</u>	<u>Voucher</u>
Net operating income (loss)	\$ -230,933	\$ 6,076	\$ 22,627
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Depreciation	237,088	4,327	0
(Increase) decrease in accounts receivable	1,609	100,101	730
(Increase) decrease in deferred charges	-518	0	-11,597
(Increase) decrease in inventories	599	0	0
(Increase) decrease in other assets	104	0	0
Increase (decrease) in accounts payable	-108,990	33,705	-2,669
Increase (decrease) in accrued liabilities	-16,160	0	2,228
Increase (decrease) in deferred revenues	<u>116</u>	<u>-133,806</u>	<u>-730</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -117,085</u>	<u>\$ 10,403</u>	<u>\$ 10,589</u>

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IN36P032501-04**

1. The Actual Modernization Costs of Phase IN36P032501-04 are as follows:

Funds approved		\$ 107,743
Funds expended		<u>107,743</u>
Excess of Funds Approved		<u>\$ 0</u>
Funds advanced		
Project notes, non-HUD		\$ 107,743
Funds expended		<u>107,743</u>
Excess of Funds Advanced		<u>\$ 0</u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated September 5, 2006, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

PAMELA J. SIMPSON, C.P.A.

433 WEST PERSHING ROAD

DECATUR, ILLINOIS 62526

(217) 872-1908

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Bloomfield Housing Authority
Bloomfield, Indiana

I have audited the financial statements of Bloomfield Housing Authority as of and for the year ended December 31, 2006, and have issued my report thereon dated August 29, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bloomfield Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bloomfield Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management, the Board of Commissioners and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Decatur, Illinois
August 29, 2007


Certified Public Accountant

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2006**

Summary of Auditor's Results

Low Risk Auditee _____ yes X no

Financial Statements

Type of auditor's report: Unqualified

- * Material weakness(es) identified? _____ yes X no
- * Reportable condition(s) identified that are not
considered to be material weaknesses? _____ yes X none
reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? _____ yes X no
- * Reportable condition(s) identified that are not
considered to be material weaknesses? X yes _____ none
reported

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

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

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

NONE

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2005 contained no findings.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

CURRENT FINDINGS AND RECOMMENDATIONS

There were no audit findings discussed with Sandra Owen, Deputy Director, during the course of the audit or at an exit conference held August 21, 2007.

**BLOOMFIELD HOUSING AUTHORITY
BLOOMFIELD, INDIANA**

**SCHEDULE OF ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2006**

<u>Low Rent</u>	<u>Audit</u> <u>Account Number</u>	<u>Debit</u>	<u>Credit</u>	<u>Posting</u> <u>Account Number</u>
(1)				
Accumulated depreciation	1400.15	\$ 4,950.35		1400.15
Depreciation expense	4800		\$ 4,950.35	2802.508
(To adjust accumulated depreciation to match depreciation schedule)				
(2)				
Accumulated depreciation	1400.15	\$ 2,870.00		1400.15
Other charges for services	3440	200.00		2806.512
Gain/loss on sale of equipment	3460	1,130.00		2802.508
Furniture, equipment & machinery-dwell	1400.08		\$ 4,200.00	1400.08
(To record sale of washer/dryer in August 2006 ; asset was not taken off general ledger or depreciation schedule and income from sale was miscoded.)				
(3)				
Accrued compensated absences	2134.01	\$ 16,666.00		2130.01
Compensated absence	4181		\$ 12,246.00	2806.512
Compensated absence	4432		4,420.00	2806.512
(To adjust liability for 2007 anticipated pension contribution - 2007 expense not a 2006 expense)				
(4)				
Insurance expense	4510	\$ 2,474.77		2806.512
Prepaid insurance	1211		\$ 2,474.77	1211
(To adjust insurance expense for expired premiums)				
<u>Voucher</u>				
(1)				
Prepaid expenses - HAP	1290	\$ 11,386.00		n/a
Cash	1111		\$ 11,386.00	n/a
(To record checks 3308 to 3337 dated December 2006)				
(2)				
Accrued compensated absence	2134.01	\$ 1,716.00		2134.01
Compensated absence	4181		\$ 1,716.00	2810.002
(To reverse accrual of anticipated 2007 pension plan contribution that is not an expense @ 12/31/06)				

PHA: IN032 FYED: 12/31/2006

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$28,724	\$106,864	\$0	\$135,588
114	Cash - Tenant Security Deposits	\$10,724	\$0	\$0	\$10,724
100	Total Cash	\$39,448	\$106,864	\$0	\$146,312
125	Accounts Receivable - Miscellaneous	\$204	\$0	\$0	\$204
126	Accounts Receivable - Tenants - Dwelling Rents	\$2,726	\$0	\$0	\$2,726
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$730	\$0	\$730
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$-730	\$0	\$-730
120	Total Receivables, net of allowances for doubtful accounts	\$2,930	\$0	\$0	\$2,930
131	Investments - Unrestricted	\$10,000	\$0	\$0	\$10,000
142	Prepaid Expenses and Other Assets	\$21,681	\$12,211	\$0	\$33,892
143	Inventories	\$1,665	\$0	\$0	\$1,665
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$7,311	\$0	\$64,811	\$72,122
150	Total Current Assets	\$83,035	\$119,075	\$64,811	\$266,921
161	Land	\$147,934	\$0	\$0	\$147,934
162	Buildings	\$1,318,511	\$0	\$0	\$1,318,511
163	Furniture, Equipment & Machinery - Dwellings	\$75,780	\$0	\$0	\$75,780
164	Furniture, Equipment & Machinery - Administration	\$185,285	\$0	\$48,133	\$233,418
165	Leasehold Improvements	\$2,920,656	\$0	\$0	\$2,920,656
166	Accumulated Depreciation	\$-2,431,402	\$0	\$-4,950	\$-2,436,352
167	Construction In Progress	\$0	\$0	\$92,043	\$92,043
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,216,764	\$0	\$135,226	\$2,351,990
180	Total Non-Current Assets	\$2,216,764	\$0	\$135,226	\$2,351,990
190	Total Assets	\$2,299,799	\$119,075	\$200,037	\$2,618,911

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$2,581	\$125	\$33,705	\$36,411
321	Accrued Wage/Payroll Taxes Payable	\$1,301	\$0	\$0	\$1,301
322	Accrued Compensated Absences - Current Portion	\$14,350	\$2,228	\$0	\$16,578
331	Accounts Payable - HUD PHA Programs	\$0	\$839	\$0	\$839
341	Tenant Security Deposits	\$10,724	\$0	\$0	\$10,724
342	Deferred Revenues	\$892	\$0	\$31,106	\$31,998
345	Other Current Liabilities	\$25	\$0	\$0	\$25
347	Interprogram Due To	\$64,811	\$7,311	\$0	\$72,122
310	Total Current Liabilities	\$94,684	\$10,503	\$64,811	\$169,998
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0
300	Total Liabilities	\$94,684	\$10,503	\$64,811	\$169,998
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$2,216,764	\$0	\$135,226	\$2,351,990
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$-11,649	\$108,572	\$0	\$96,923
513	Total Equity/Net Assets	\$2,205,115	\$108,572	\$135,226	\$2,448,913
600	Total Liabilities and Equity/Net Assets	\$2,299,799	\$119,075	\$200,037	\$2,618,911

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$178,220	\$0	\$0	\$178,220
704	Tenant Revenue - Other	\$12,901	\$0	\$0	\$12,901
705	Total Tenant Revenue	\$191,121	\$0	\$0	\$191,121
706	HUD PHA Operating Grants	\$154,890	\$178,598	\$32,160	\$365,648
706.1	Capital Grants	\$0	\$0	\$112,049	\$112,049
711	Investment Income - Unrestricted	\$1,578	\$1,456	\$0	\$3,034
715	Other Revenue	\$12,414	\$0	\$0	\$12,414
716	Gain/Loss on Sale of Fixed Assets	\$-1,030	\$0	\$0	\$-1,030
700	Total Revenue	\$358,973	\$180,054	\$144,209	\$683,236

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$91,541	\$12,400	\$0	\$103,941
912	Auditing Fees	\$2,460	\$1,640	\$0	\$4,100
914	Compensated Absences	\$-17,461	\$2,228	\$0	\$-15,233
915	Employee Benefit Contributions - Administrative	\$38,923	\$6,986	\$0	\$45,909
916	Other Operating - Administrative	\$18,570	\$5,941	\$21,757	\$46,268
924	Tenant Services - Other	\$466	\$0	\$0	\$466
931	Water	\$30,836	\$0	\$0	\$30,836
932	Electricity	\$42,199	\$0	\$0	\$42,199
933	Gas	\$26,832	\$0	\$0	\$26,832
941	Ordinary Maintenance and Operations - Labor	\$43,479	\$0	\$0	\$43,479
942	Ordinary Maintenance and Operations - Materials and Other	\$12,469	\$0	\$0	\$12,469
943	Ordinary Maintenance and Operations - Contract Costs	\$18,812	\$0	\$0	\$18,812
945	Employee Benefit Contributions - Ordinary Maintenance	\$18,898	\$0	\$0	\$18,898
961	Insurance Premiums	\$22,795	\$614	\$0	\$23,409
964	Bad Debt - Tenant Rents	\$-827	\$0	\$0	\$-827
969	Total Operating Expenses	\$349,992	\$29,809	\$21,757	\$401,558
970	Excess Operating Revenue over Operating Expenses	\$8,981	\$150,245	\$122,452	\$281,678
971	Extraordinary Maintenance	\$1,248	\$0	\$0	\$1,248
973	Housing Assistance Payments	\$0	\$126,162	\$0	\$126,162
974	Depreciation Expense	\$237,088	\$0	\$4,327	\$241,415
900	Total Expenses	\$588,328	\$155,971	\$26,084	\$770,383
1001	Operating Transfers In	\$10,403	\$0	\$0	\$10,403
1002	Operating Transfers Out	\$0	\$0	\$-10,403	\$-10,403
1010	Total Other Financing Sources (Uses)	\$10,403	\$0	\$-10,403	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-218,952	\$24,083	\$107,722	\$-87,147

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,354,797	\$84,489	\$96,774	\$2,536,060
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$69,270	\$0	\$-69,270	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0
1120	Unit Months Available	1,056	665	0	1,721
1121	Number of Unit Months Leased	935	539	0	1,474
1117	Administrative Fee Equity	\$0	\$66,860	\$0	\$66,860
1118	Housing Assistance Payments Equity	\$0	\$41,712	\$0	\$41,712

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