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July 10, 2014

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

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period July 1, 2006 to June 30, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Rome City Housing Authority, as of June 30, 2007 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

ROME CITY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Rome City, Indiana

June 30, 2007

Jean Sickels

Certified Public Accountant

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Fredericksburg, IN 47120
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ROME CITY
HOUSING AUTHORITY

Rome City, Indiana
JUNE 30, 2007

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Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rome City Housing Authority as of June 30, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2009, on my consideration of the Rome City Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis as detailed in this Report, is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries made of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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


Certified Public Accountant

Fredericksburg, Indiana
June 24, 2009

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2007

The management of the Rome City Housing Authority offers this narrative overview and analysis of its audited financial statements for fiscal year ended June 30, 2007. The goal is for the reader to better understand the Housing Authority's financial activities and its overall financial position and to show whether current year revenues covered current year expenses and the extent to which the Housing Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements, which begins on page 2.

THE HOUSING AUTHORITY'S PROGRAMS:

- *Public Housing* - Under the Public Housing Program, the Housing Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Public Housing Program includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Housing Authority's properties. The Housing Authority's Capital Fund Program is referred herein as Modernization.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Assets* - reports the Housing Authority's current financial resources: cash and other current assets, current and noncurrent liabilities and comparing those two elements, which results in the net assets of the Housing Authority. A comparison between this year and the preceding year is also provided.
- *Statement of Revenue and Expenses* - reports the Housing Authority's various revenue and expenses, as well as providing a comparison between this year and the preceding year.
- *Statement of Cash Flows* - reports cash inflows and outflows for the Housing Authority's fiscal year.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDING JUNE 30, 2007

FINANCIAL HIGHLIGHTS:

- The assets of the Housing Authority exceed its liabilities as of June 30, 2007 by \$1,685,609 (Net Assets).
- The Housing Authority's investment in capital assets, net of related debt as of June 30, 2007 was \$1,586,392.
- The Housing Authority's total revenue for the fiscal year ended June 30, 2007 was \$246,842.
- The Housing Authority's total expenses for the fiscal year ended June 30, 2007 was \$330,778.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET ASSETS

	<u>2007</u>	<u>2006</u>	INCREASE (DECREASE)
ASSETS			
Cash and investments	\$ 120,124	\$ 98,005	\$ 22,119
Other current assets	22,724	30,616	(7,892)
Capital assets	<u>1,586,392</u>	<u>1,681,829</u>	<u>(95,437)</u>
TOTAL ASSETS	<u>1,729,240</u>	<u>1,810,450</u>	<u>(81,210)</u>
LIABILITIES			
Current liabilities	33,337	41,466	(8,129)
Noncurrent liabilities	<u>10,294</u>	<u>-</u>	<u>10,294</u>
TOTAL LIABILITIES	<u>43,631</u>	<u>41,466</u>	<u>2,165</u>
NET ASSETS			
Invested in capital assets	1,586,392	1,681,829	(95,437)
Unrestricted assets	<u>99,217</u>	<u>87,155</u>	<u>12,062</u>
TOTAL NET ASSETS	<u>\$ 1,685,609</u>	<u>\$ 1,768,984</u>	<u>\$ (83,375)</u>

Noncurrent liabilities was due to accrued compensated absences-non current. Capital fund program improvements continued, as well as depreciation of existing, aging properties.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDING JUNE 30, 2007

ANALYSIS OF STATEMENT OF REVENUE AND EXPENSES

PRIOR AND CURRENT FISCAL YEAR:

	YEAR ENDING JUNE 30,			
	2007		2006	
	AMOUNT	%	AMOUNT	%
REVENUE				
Tenant revenue	\$ 90,872	39	\$ 105,207	41
HUD operating and capital grants	151,001	59	146,347	57
Other Grants	-	-	-	-
Other operating revenue	2,867	1	583	1
Interest	2,123	1	1,500	1
TOTAL REVENUE	<u>246,863</u>	<u>100</u>	<u>253,637</u>	<u>100</u>
EXPENSES				
Administrative expenses	72,505	22	72,253	22
Utilities	43,491	12	39,317	12
Maintenance and operations	81,304	26	88,606	26
General expenses	24,450	7	23,470	7
Housing assistance payments	-	-	1,968	1
Depreciation	109,028	33	110,562	33
Prior Year Adjustments	14,574	(1)	(2,054)	(1)
Loss on disposition of capital assets	21	1	-	-
TOTAL EXPENSES	<u>330,799</u>	<u>100</u>	<u>332,122</u>	<u>100</u>
CHANGE IN NET ASSETS	<u>\$ (83,375)</u>		<u>\$ (78,485)</u>	

The prior year adjustments were for dwelling rental, PILOT, and to close transfer of voucher program.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDING JUNE 30, 2007

BUDGETARY HIGHLIGHTS:

Low-Rent Public Housing (Operations Only) - The budget anticipated an operating income of \$210,355. The actual result of operations was an operating income of \$233,229. The anticipated operating budget expenses were \$235,220 with actual total expenses before depreciation were \$221,749.

CAPITAL ASSETS:

Capital Assets

As of year-end, the Housing Authority had \$1,586,392 in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$75,437 from the end of 2006. This decrease is due to the continuing depreciation of assets.

**Capital Assets at Year-End
(Net of Depreciation)**

	<u>2007</u>	<u>2006</u>
Land	\$ 586,777	\$ 586,777
Land improvements	77,423	77,423
Buildings and improvements	2,363,492	2,363,492
Equipment	154,600	158,449
Construction work in progress	13,612	-
SUBTOTAL	<u>3,195,904</u>	<u>3,186,141</u>
Less accumulated depreciation	1,609,512	1,504,312
NET CAPITAL ASSETS	<u>\$ 1,586,392</u>	<u>\$ 1,661,829</u>

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT:

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Rome City Housing Authority, PO Box 415, Rome City, Indiana 46784-0415, telephone number (260)854-4122.

FINANCIAL STATEMENTS

ROME CITY HOUSING AUTHORITY

Rome City, Indiana

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$	114,743
Restricted cash and cash equivalents		5,381
Accounts receivable, net		21,722
Prepaid expenses		1,002
Total Current Assets		<u>142,848</u>

Capital Assets

Land and other nondepreciable assets		600,389
Depreciable capital assets, net		986,003
Total Capital Assets		<u>1,586,392</u>

Total Assets		<u>1,729,240</u>
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LIABILITIES

Current liabilities

Accounts payable		4,524
Accrued liabilities		22,655
Payable from restricted cash and cash equivalents:		
Tenant's security deposits		5,381
Deferred revenue		777
Total Current Liabilities		<u>33,337</u>

<u>Noncurrent liabilities</u>		<u>10,294</u>
-------------------------------	--	---------------

Total Liabilities		<u>43,631</u>
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NET ASSETS

Invested in capital assets		1,586,392
Unrestricted		99,217
Total Net Assets	\$	<u>1,685,609</u>

The accompanying notes are an integral part of these financial statements

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES

Rental income	\$	90,872
Other income		<u>3,408</u>
TOTAL OPERATING REVENUE		<u>94,280</u>

OPERATING EXPENSES

Administrative		72,505
Utilities		43,491
Ordinary maintenance and operation		81,304
General expense		24,450
Depreciation expense		<u>109,028</u>
TOTAL OPERATING EXPENSES		<u>330,778</u>

OPERATING INCOME (LOSS) (236,498)

NONOPERATING REVENUES

Federal operating grants		137,389
Interest income		<u>2,123</u>
TOTAL NONOPERATING REVENUES		<u>139,512</u>

CAPITAL CONTRIBUTIONS 13,612

CHANGE IN NET ASSETS (83,374)

TOTAL NET ASSETS - BEGINNING OF YEAR 1,768,983

TOTAL NET ASSETS - END OF YEAR \$ 1,685,609

The accompanying notes are an integral part of these financial statements

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	102,127
Payments to vendors		(123,148)
Payments to employees		(96,393)
Net Cash Used by Operating Activities		<u>(117,414)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>137,389</u>
Net Cash From Noncapital Financing Activities		<u>137,389</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		13,612
Acquisition and construction of capital assets		<u>(13,591)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>21</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>2,123</u>
Net Cash From Investing Activities		<u>2,123</u>

Net Increase (Decrease) in Cash and Cash Equivalents 22,119

Cash - Beginning of year 98,005

Cash - End of year \$ 120,124

Reconciliation of Cash

Cash and cash equivalents	\$	114,743
Restricted cash and cash equivalents		<u>5,381</u>
	\$	<u><u>120,124</u></u>

Continued

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006
(Continued)

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

Net operating income (loss)	\$	(236,498)
Adjustments to reconcile net income to net cash Provided by operating activities:		
Depreciation		109,028
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		7,847
Prepaid expenses		45
Increase (Decrease) in:		
Accounts payable		(2,476)
Accrued liabilities		6,280
Deferred revenue		(1,640)
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(117,414)</u>

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE A - Summary of Significant Accounting Policies and Organization:

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

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

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

At June 30, 2007, the Housing Authority has 50 units under management.

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

The Authority is also operating Capital Fund Grant Programs.

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

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

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

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

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

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

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

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

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

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

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

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

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

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond June 30, 2007.

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

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

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

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

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

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

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

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

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

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

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at the time of purchase. At June 30, 2007, the Authority's deposits were not limited and all of which are either available on demand or have maturities of less than two years.

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

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

At June 30, 2007, the carrying amount of the Authority's deposits was \$120,124. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits and Section 8 HAP reserves.

Deposits consist of the following:

Checking accounts	\$ 54,871
Certificates of deposit and Money Market accounts	65,253
	<u>\$ 120,124</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2007, consist of the following:

Tenants, net of allowance of \$9,848	\$ 20,334
Accounts Receivable - HUD	1,098
Accrued Interest	<u>290</u>
Total	<u>\$ 21,722</u>

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2007, consist of the following:

Prepaid insurance	<u>\$ 1,002</u>
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NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>6/30/06</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/07</u>
Capital assets, not being depreciated:				
Land	\$ 586,777	\$ 0	\$ 0	\$ 586,777
Construction in Progress	<u>0</u>	<u>13,612</u>	<u>0</u>	<u>13,612</u>
Total Capital Assets, not being depreciated	<u>586,777</u>	<u>13,612</u>	<u>0</u>	<u>600,389</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,440,915	0	0	2,440,915
Furniture, equipment & Machinery	<u>158,449</u>	<u>0</u>	<u>(3,849)</u>	<u>154,600</u>
Total Capital Assets, being depreciated	<u>2,599,364</u>	<u>13,612</u>	<u>(3,849)</u>	<u>2,595,515</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,401,672)	(105,378)	0	(1,507,050)
Furniture, equipment & Machinery	<u>(102,640)</u>	<u>(3,650)</u>	<u>3,828</u>	<u>(102,462)</u>
Total Accumulated Depreciation	<u>(1,504,312)</u>	<u>(109,028)</u>	<u>3,828</u>	<u>(1,609,512)</u>
Total Capital Assets, being depreciated, net	<u>1,095,052</u>	<u>(109,028)</u>	<u>(21)</u>	<u>986,003</u>
Capital Assets, Net	<u>\$ 1,681,829</u>	<u>\$ (95,416)</u>	<u>\$ (21)</u>	<u>\$ 1,586,392</u>

Major construction renovation through the Capital Fund Grant Program costs of \$51,626 are yet to be expended under the current programs. HUD has approved funding for the above amount. The Authority has significant capital construction projects with remaining commitment amounts as of June 30, 2007 of \$0.

Depreciation expense of \$109,028 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2007, consist of the following:

Vendors' accounts payable	<u>\$ 4,524</u>
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ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

NOTE G - Accrued Liabilities:

Accrued liabilities at June 30, 2007, consist of the following:

Accrued compensated absences and payroll	\$ 5,851
Payment in lieu of taxes	<u>16,804</u>
Total	<u>\$ 22,655</u>

NOTE H - Deferred Revenue:

Deferred Revenue at June 30, 2007, consist of the following:

Prepaid rent	<u>\$ 777</u>
--------------	---------------

NOTE I - Noncurrent Liabilities:

Noncurrent liabilities at June 30, 2007 consist of the following:

	<u>06/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/07</u>
Accrued compensated absences	\$ 0	\$ 10,294	\$ 0	<u>\$ 10,294</u>

NOTE J - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended June 30, 2007 were as follows:

Low Rent Public Housing	\$ 96,790
Capital Fund Program	<u>40,599</u>
Total	<u>\$ 137,389</u>

NOTE K - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended June 30, 2007 were \$13,612.

NOTE L - Commitments and Contingencies:

Litigation - At June 30, 2007, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended June 30, 2007.

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

Construction Projects: There are certain major construction projects in progress at June 30, 2007. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. These costs will be paid by grants committed to the Authority by HUD.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

NOTE M - Risk Management:

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

NOTE N - Economic Dependency:

The Authority receives approximately 62% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Conduit Type Debt:

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

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

NOTE P - Defined Contribution Plan:

Plan Description

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

The Authority's contributions were calculated using the base salary amount of \$69,257. During the year ended June 30, 2007, the Authority's required and actual contributions amounted to \$7,422, which was 3.0% of its current-year covered payroll in the amount of \$68,445. Contributions for 2006 were \$8,157.

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

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(Continued)

NOTE P - Defined Contribution Plan: (Continued)

Basis of Accounting

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

Valuation of Investments

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

NOTE Q - Interprogram Receivable/Payables:

Individual fund receivable/payable balances at June 30, 2007 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Low Rent	\$ 1,098	\$ 0
Capital Fund	0	1,098
	\$ 1,098	\$ 1,098

NOTE R - Interprogram transfers:

A summary of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Low Rent	\$ 40,599	\$ 0
Capital Fund	0	40,599
	\$ 40,599	\$ 40,599

SUPPLEMENTAL FINANCIAL INFORMATION

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS

JUNE 30, 2007

	Annual Contributions Contracts		
	IN089	IN089	IN089
	Low Income Public Housing	Section 8 Voucher Program	Capital Fund Program
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 114,743	\$ 0	\$ 0
Restricted cash and cash equivalents	5,381	0	0
Accounts receivable, net	20,624	0	1,098
Prepaid expenses	1,002	0	0
Interprogram	1,098	0	0
Total Current Assets	142,848	0	1,098
<u>Capital Assets</u>			
Land and other nondepreciable assets	586,777	0	13,612
Depreciable capital assets, net	986,003	0	0
Total Capital Assets	1,572,780	0	13,612
Total Assets	1,715,628	0	14,710
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	4,524	0	0
Accrued liabilities	22,655	0	0
Interprogram	0	0	1,098
Payable from restricted cash and cash equivalents:			
Tenants security deposits	5,381	0	0
Deferred revenue	777	0	0
Total Current Liabilities	33,337	0	1,098
<u>Noncurrent liabilities</u>	10,294	0	0
Total Liabilities	43,631	0	1,098
<u>NET ASSETS</u>			
Invested in capital assets	1,572,780	0	13,612
Unrestricted	99,217	0	0
Total Net Assets	\$ 1,671,997	\$ 0	\$ 13,612

<u>Interprogram Elimination</u>	<u>Totals</u>
\$ 0	\$ 114,743
0	5,381
0	21,722
0	1,002
<u>(1,098)</u>	<u>0</u>
<u>(1,098)</u>	<u>142,848</u>
0	600,389
0	986,003
<u>0</u>	<u>1,586,392</u>
<u>(1,098)</u>	<u>1,729,240</u>
0	4,524
0	22,655
<u>(1,098)</u>	<u>0</u>
0	5,381
0	777
<u>(1,098)</u>	<u>33,337</u>
0	10,294
<u>(1,098)</u>	<u>43,631</u>
0	1,586,392
0	99,217
<u>\$ 0</u>	<u>\$ 1,685,609</u>

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Annual Contributions Contracts		
	IN089	IN089	IN089
	Low Income Public Housing	Section 8 Voucher Program	Capital Fund Program
<u>OPERATING REVENUES</u>			
Rental income	\$ 90,872	\$ 0	\$ 0
Other income	2,846	562	0
TOTAL OPERATING REVENUE	93,718	562	0
<u>OPERATING EXPENSES</u>			
Administrative	72,505	0	0
Utilities	43,491	0	0
Ordinary maintenance and operation	81,304	0	0
General expense	24,450	0	0
Depreciation expense	109,028	0	0
TOTAL OPERATING EXPENSES	330,778	0	0
OPERATING INCOME (LOSS)	(237,060)	562	0
<u>NONOPERATING REVENUES</u>			
Federal operating grants	96,790	0	40,599
Interest income	2,123	0	0
TOTAL NONOPERATING REVENUES	98,913	0	40,599
CAPITAL CONTRIBUTIONS	0	0	13,612
CHANGE IN NET ASSETS	(138,147)	562	54,211
TOTAL NET ASSETS - BEGINNING OF YEAR	1,769,545	(562)	0
Equity transfers and prior period adjustments	40,599	0	(40,599)
TOTAL NET ASSETS - BEGINNING OF YEAR as restated	1,810,144	(562)	(40,599)
TOTAL NET ASSETS - END OF YEAR	\$ 1,671,997	\$ 0	\$ 13,612

Totals

\$ 90,872
3,408
94,280

72,505
43,491
81,304
24,450
109,028
330,778

(236,498)

137,389
2,123
139,512

13,612

(83,374)

1,768,983

0

1,768,983

\$ 1,685,609

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETE
FOR THE YEAR ENDED JUNE 30, 2007

Annual Contributions Contract IN089

1. The Capital Fund Grant Costs were as follows:

	<u>Phase 501-04</u>
Funds Approved	\$ 76,526
Funds Expended	<u>76,526</u>
Excess/(Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 76,526
Funds Expended	<u>76,526</u>
Excess/(Deficiency) of Funds Advanced	<u>\$ 0</u>

2. Cost additions totaling \$ 7,000 were made during the current audit period and, accordingly, were audited by Jean Sickels, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs are in agreement with the Authority records and were approved by HUD.
4. All capital fund grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

PHA: IN089 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$49,490	\$0	\$0	\$49,490
114	Cash - Tenant Security Deposits	\$5,381	\$0	\$0	\$5,381
100	Total Cash	\$54,871	\$0	\$0	\$54,871
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$1,098	\$1,098
128	Accounts Receivable - Tenants - Dwelling Rents	\$30,182	\$0	\$0	\$30,182
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-9,848	\$0	\$0	\$-9,848
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$290	\$0	\$0	\$290
120	Total Receivables, net of allowances for doubtful accounts	\$20,624	\$0	\$1,098	\$21,722
131	Investments - Unrestricted	\$65,253	\$0	\$0	\$65,253
142	Prepaid Expenses and Other Assets	\$1,002	\$0	\$0	\$1,002
144	Interprogram Due From	\$1,098	\$0	\$0	\$1,098
150	Total Current Assets	\$142,848	\$0	\$1,098	\$143,946
161	Land	\$586,777	\$0	\$0	\$586,777
162	Buildings	\$2,363,492	\$0	\$0	\$2,363,492
163	Furniture, Equipment & Machinery - Dwellings	\$41,663	\$0	\$0	\$41,663
164	Furniture, Equipment & Machinery - Administration	\$112,947	\$0	\$0	\$112,947
165	Leasehold Improvements	\$77,423	\$0	\$0	\$77,423
166	Accumulated Depreciation	\$-1,609,512	\$0	\$0	\$-1,609,512
167	Construction In Progress	\$0	\$0	\$13,612	\$13,612
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,572,780	\$0	\$13,612	\$1,586,392
180	Total Non-Current Assets	\$1,572,780	\$0	\$13,612	\$1,586,392
190	Total Assets	\$1,715,628	\$0	\$14,710	\$1,730,338

PHA: IN089 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$4,524	\$0	\$0	\$4,524
321	Accrued Wage/Payroll Taxes Payable	\$2,101	\$0	\$0	\$2,101
322	Accrued Compensated Absences - Current Portion	\$3,750	\$0	\$0	\$3,750
333	Accounts Payable - Other Government	\$16,804	\$0	\$0	\$16,804
341	Tenant Security Deposits	\$5,381	\$0	\$0	\$5,381
342	Deferred Revenues	\$777	\$0	\$0	\$777
347	Interprogram Due To	\$0	\$0	\$1,098	\$1,098
310	Total Current Liabilities	\$33,337	\$0	\$1,098	\$34,435
354	Accrued Compensated Absences - Non Current	\$10,294	\$0	\$0	\$10,294
350	Total Noncurrent Liabilities	\$10,294	\$0	\$0	\$10,294
300	Total Liabilities	\$43,631	\$0	\$1,098	\$44,729
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,572,780	\$0	\$13,612	\$1,586,392
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0

511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$99,217	\$0	\$0	\$99,217
513	Total Equity/Net Assets	\$1,671,997	\$0	\$13,612	\$1,685,609
600	Total Liabilities and Equity/Net Assets	\$1,715,628	\$0	\$14,710	\$1,730,338

PHA: IN089 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$90,872	\$0	\$0	\$90,872
705	Total Tenant Revenue	\$90,872	\$0	\$0	\$90,872
706	HUD PHA Operating Grants	\$96,790	\$0	\$40,599	\$137,389
706.1	Capital Grants	\$0	\$0	\$13,812	\$13,812
711	Investment Income - Unrestricted	\$2,123	\$0	\$0	\$2,123
715	Other Revenue	\$2,867	\$562	\$0	\$3,429
716	Gain/Loss on Sale of Fixed Assets	\$-21	\$0	\$0	\$-21
700	Total Revenue	\$192,631	\$562	\$54,211	\$247,404

PHA: IN089 FYED: 06/30/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$24,329	\$0	\$0	\$24,329
914	Compensated Absences	\$3,991	\$0	\$0	\$3,991
915	Employee Benefit Contributions - Administrative	\$6,928	\$0	\$0	\$6,928
916	Other Operating - Administrative	\$22,683	\$0	\$0	\$22,683
931	Water	\$21,350	\$0	\$0	\$21,350
932	Electricity	\$13,127	\$0	\$0	\$13,127
933	Gas	\$7,091	\$0	\$0	\$7,091
938	Other Utilities Expense	\$1,923	\$0	\$0	\$1,923
941	Ordinary Maintenance and Operations - Labor	\$44,742	\$0	\$0	\$44,742
942	Ordinary Maintenance and Operations - Materials and Other	\$7,026	\$0	\$0	\$7,026
943	Ordinary Maintenance and Operations - Contract Costs	\$13,133	\$0	\$0	\$13,133
945	Employee Benefit Contributions - Ordinary Maintenance	\$16,403	\$0	\$0	\$16,403
961	Insurance Premiums	\$13,175	\$0	\$0	\$13,175
963	Payments in Lieu of Taxes	\$4,695	\$0	\$0	\$4,695
964	Bad Debt - Tenant Rents	\$6,580	\$0	\$0	\$6,580
969	Total Operating Expenses	\$207,176	\$0	\$0	\$207,176
970	Excess Operating Revenue over Operating Expenses	\$-14,545	\$562	\$64,211	\$40,228
974	Depreciation Expense	\$109,028	\$0	\$0	\$109,028
900	Total Expenses	\$316,204	\$0	\$0	\$316,204
1001	Operating Transfers In	\$40,599	\$0	\$0	\$40,599
1002	Operating Transfers Out	\$0	\$0	\$-40,599	\$-40,599
1010	Total Other Financing Sources (Uses)	\$40,599	\$0	\$-40,599	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-82,974	\$562	\$13,612	\$-68,800

OTHER REPORTS

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

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

I have audited the financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2007, and have issued my report thereon dated June 24, 2009 which included a disclaimer of opinion on Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Rome City Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rome City Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned costs to be significant deficiencies in internal control over financial reporting. The finding reference numbers are 2007-01, 2007-02 and 2007-03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rome City Housing Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items are 2007-01, 2007-02 and 2007-03.

I noted certain matters that I reported to the management of the Rome City Housing Authority in a separate letter dated June 24, 2009.

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

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

Fredericksburg, Indiana
June 24, 2009

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

JUNE 30, 2007

SCHEDULE OF FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

2006-01

AUDIT CONDUCTED LATE

This Finding is continued as 2007-01.

2006-02

CASH DISBURSEMENTS

This Finding is continued as 2007-02.

2006-03

TENANT ACCOUNTS RECEIVABLE & CASH COLLECTIONS

This Finding is continued as 2007-03.

CURRENT AUDIT FINDINGS

2007-01

AUDIT CONDUCTED LATE

CURRENT
CONDITION:

The Authority did not procure and complete an annual audit within nine months of their fiscal year end.

CRITERIA:

HUD rules and regulations require Authorities to complete an annual audit within nine months of their fiscal year end.

CAUSE/EFFECT:

The Authority was under the OMB Circular A-133 \$500,000 threshold and believed they were not required to complete an annual audit.

RECOMMENDATION:

The Authority should make sure, in the future, that an annual audit is completed within nine months of their fiscal year end.

REPLY:

This finding is in the process of being corrected. Audits for 2007 and 2008 are scheduled with the 2007 audit. The 2007 audit is late and cannot be corrected. The Housing Authority has a contract in place for the 2006 and 2008 audit. The 2009 audit will be procured and completed within the required nine month period. The Executive Director is responsible for correcting this finding.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

JUNE 30, 2007

SCHEDULE OF FINDINGS AND RESPONSES

CURRENT AUDIT FINDINGS

(Continued)

2007-02

CASH DISBURSEMENTS

CURRENT
CONDITION: The Authority has not been attaching sufficient supporting documentation. In a sample of 25 there were 5 exceptions.

CRITERIA: HUD rules and regulations require complete supporting documentation for all governmental expenditures. Travel and charge cards expenditures should indicate the purpose of the expense.

CAUSE/EFFECT: The Authority has not been attaching documentation to charge card statements.

RECOMMENDATION: The Authority should more thoroughly document the reason for expenditures.

REPLY: This finding can not be corrected for the 2007 audit, but the Executive Director will ensure that supporting documentation is attached to all travel and charge card expenses that shows the purpose of the expense. The Executive Director is responsible for correcting this finding.

2007-03

TENANT ACCOUNTS RECEIVABLE & CASH COLLECTIONS

CURRENT
CONDITION: The Tenants Accounts Receivable do not agree to the General Ledger. Cash deposits are not recorded on a timely basis.

CRITERIA: HUD rules and regulations require the TAR ledger to agree to the General Ledger. Cash deposits are required to be deposited within 3 days.

CAUSE/EFFECT: The Authority does not have a procedure in place to reconcile TAR's on a monthly basis. The Authority does not have a procedure in place to deposit rents within 3 days.

RECOMMENDATION: The Authority should review the fee accountant's entries and ensure that they are accurate. Cash deposits should be deposited within 3 days to minimize the potential for loss.

REPLY: This finding in the future will be corrected. The Housing Authority will begin reviewing monthly that the General Ledger agrees with the Tenants Accounts Receivable. The Housing Authority will also begin ensuring that cash deposits are made within the required three day period. The 2007 Tenant Accounts Receivable and cash collections cannot be corrected. The Executive Director is responsible for correcting this finding.

Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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

June 24, 2009

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

In planning and performing my audit of the financial statements of the Rome City Housing Authority as of and for the year ended June 30, 2007, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated June 24, 2009 on the financial statements of the Authority.

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

1. **CONDITION: COMPENSATED ABSENCES**

The Fee Accountant did not provide a compensated absences worksheet.

RECOMMENDATION:

The Authority should thoroughly review the financial information and ensure that it is accurate.

2. **CONDITION: ENERGY AUDIT**

An energy audit was performed within the last 5 years, but did not include a Utility Allowance Schedule. The Board has not reviewed the Utility Allowance for the last several years.

RECOMMENDATION:

The Authority should have an energy audit completed that meets the HUD Guidelines. The Board should review Utility Allowances annually.

3. **CONDITION: MINUTES**

The Authority has minutes from the monthly meetings bound in books, however they are not signed.

RECOMMENDATION:

Each month, after the minutes are approved, they should be signed.

4. **CONDITION: INVENTORY**

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

RECOMMENDATION:

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

5. CONDITION: PAYMENTS IN LIEU OF TAXES (PILOT)

The Authority has not been making PILOT payments at year end.

RECOMMENDATION:

The Authority should pay the PILOT at the end of each fiscal year.

6. CONDITION: JOURNAL VOUCHERS

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

RECOMMENDATION:

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jean Sickels". The signature is written in dark ink and is positioned above the printed name and title.

Jean Sickels
Certified Public Accountant