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

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

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, 2008 to June 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Rome City Housing Authority, as of June 30, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

ROME CITY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Rome City, Indiana

June 30, 2009

Jean Sickels

Certified Public Accountant

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

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

**ROME CITY
HOUSING AUTHORITY**

**Rome City, Indiana
JUNE 30, 2009**

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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, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these 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, 2009, 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 January 25, 2010, 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, 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
January 25, 2010

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2009

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, 2009. 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, 2009

FINANCIAL HIGHLIGHTS:

- The assets of the Housing Authority exceed its liabilities as of June 30, 2009 by \$1,525,784 (Net Assets).
- The Housing Authority's investment in capital assets, as of June 30, 2009 was \$1,417,621.
- The Housing Authority's total revenue for the fiscal year ended June 30, 2009 was \$298,911.
- The Housing Authority's total expenses for the fiscal year ended June 30, 2009 was \$373,345.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET ASSETS

	<u>2009</u>	<u>2008</u>	<u>INCREASE (DECREASE)</u>
ASSETS			
Cash and cash equivalents	\$ 142,194	\$ 131,379	\$ 10,815
Other current assets	25,067	14,358	10,709
Capital assets	<u>1,417,621</u>	<u>1,489,369</u>	<u>(71,748)</u>
TOTAL ASSETS	<u>1,584,882</u>	<u>1,635,106</u>	<u>(50,224)</u>
LIABILITIES			
Current liabilities	48,729	34,888	13,841
Noncurrent liabilities	<u>10,369</u>	<u>-</u>	<u>10,369</u>
TOTAL LIABILITIES	<u>59,098</u>	<u>34,888</u>	<u>24,210</u>
NET ASSETS			
Invested in capital assets	1,417,621	1,489,369	(71,748)
Unrestricted assets	<u>108,163</u>	<u>110,849</u>	<u>(2,686)</u>
TOTAL NET ASSETS	<u>\$ 1,525,784</u>	<u>\$ 1,600,218</u>	<u>\$ (74,434)</u>

There were compensated absences due for maintenance personnel. 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, 2009

ANALYSIS OF STATEMENT OF REVENUE AND EXPENSES
PRIOR AND CURRENT FISCAL YEAR:

	YEAR ENDING			
	JUNE 30,			
	2009		2008	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
REVENUE				
Tenant revenue	\$ 98,255	32	\$ 92,095	35
HUD operating and capital grants	198,961	66	163,175	63
Other operating revenue	287	1	1,632	1
Interest	1,408	1	2,360	1
TOTAL REVENUE	<u>298,911</u>	<u>100</u>	<u>259,262</u>	<u>100</u>
EXPENSES				
Administrative expenses	82,025	22	74,106	21
Tenant services	-		45	1
Utilities	43,902	11	51,589	15
Maintenance and operations	103,061	28	83,191	24
General expenses	37,987	10	31,626	8
Depreciation	106,370	29	104,077	30
Loss on disposition of capital assets	-	-	19	1
TOTAL EXPENSES	<u>373,345</u>	<u>100</u>	<u>344,653</u>	<u>100</u>
CHANGE IN NET ASSETS	<u>\$ (74,434)</u>		<u>\$ (85,391)</u>	

Wages and benefits increased for maintenance and operations. General expenses went up due to compensated absences for maintenance personnel and increased insurance premiums.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
FISCAL YEAR ENDING JUNE 30, 2009

BUDGETARY HIGHLIGHTS:

Low-Rent Public Housing (Operations Only) - The budget anticipated an operating income of \$263,028. The actual result of operations was an operating income of \$298,911. The anticipated operating budget expenses were \$248,150 with actual total expenses before depreciation were \$266,975.

CAPITAL ASSETS:

Capital Assets

As of year-end, the Housing Authority had \$1,417,621 in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$71,748 from the end of 2008. This decrease is due to the continuing depreciation of assets.

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

	2008	2008
Land	\$ 586,777	\$ 586,777
Land improvements	83,754	77,423
Buildings and improvements	2,408,682	2,367,703
Equipment	157,617	156,693
Construction work in progress	-	13,612
SUBTOTAL	3,236,830	3,202,208
Less accumulated depreciation	1,819,209	1,712,839
NET CAPITAL ASSETS	\$ 1,417,621	\$ 1,489,369

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, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$	136,615
Restricted cash and cash equivalents		5,579
Accounts receivable, net		21,436
Prepaid expenses		3,631
Total Current Assets		<u>167,261</u>

Capital Assets

Land and other nondepreciable assets		586,777
Depreciable capital assets, net		830,844
Total Capital Assets		<u>1,417,621</u>

Total Assets 1,584,882

LIABILITIES

Current liabilities

Accounts payable		13,164
Accrued liabilities		29,986
Payable from restricted cash and cash equivalents:		
Tenant's security deposits		5,579
Total Current Liabilities		<u>48,729</u>

Noncurrent liabilities 10,369

Total Liabilities 59,098

NET ASSETS

Invested in capital assets		1,417,621
Unrestricted		108,163
Total Net Assets	\$	<u>1,525,784</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, 2009

OPERATING REVENUES

Rental income	\$	98,255
Other income		287

TOTAL OPERATING REVENUE 98,542

OPERATING EXPENSES

Administrative	82,025
Utilities	43,902
Ordinary maintenance and operation	103,061
General expense	37,987
Depreciation expense	106,370

TOTAL OPERATING EXPENSES 373,345

OPERATING INCOME (LOSS) (274,803)

NONOPERATING REVENUES

Federal operating grants	166,273
Interest income	1,408

TOTAL NONOPERATING REVENUES 167,681

Net income before capital contributions (107,122)

CAPITAL CONTRIBUTIONS 32,688

CHANGE IN NET ASSETS (74,434)

TOTAL NET ASSETS - BEGINNING OF YEAR 1,600,218

TOTAL NET ASSETS - END OF YEAR \$ 1,525,784

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, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	87,415
Payments to vendors		(122,643)
Payments to employees		(119,704)
Net Cash Used by Operating Activities		<u>(154,932)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>166,273</u>
Net Cash From Noncapital Financing Activities		<u>166,273</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		32,688
Acquisition and construction of capital assets		<u>(34,622)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(1,934)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>1,408</u>
Net Cash From Investing Activities		<u>1,408</u>

Net Increase (Decrease) in Cash and Cash Equivalents		10,815
Cash - Beginning of year		<u>131,379</u>
Cash - End of year	\$	<u><u>142,194</u></u>

Reconciliation of Cash		
Cash and cash equivalents	\$	136,615
Restricted cash and cash equivalents		<u>5,579</u>
	\$	<u><u>142,194</u></u>

Continued

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

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

Operating income (loss)	\$	(274,803)
Adjustments to reconcile net income to net cash Provided by operating activities:		
Depreciation		106,370
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(11,127)
Prepaid expenses		418
Increase (Decrease) in:		
Accounts payable		6,800
Accrued liabilities		17,410
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(154,932)</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, 2009

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, 2009, 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, 2009

(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, 2009.

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

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

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(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, 2009

(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, 2009, 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, 2009, the carrying amount of the Authority's deposits was \$153,989. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

Checking accounts	\$ 121,646
Certificate of Deposit	<u>20,548</u>
Total	<u>\$ 142,194</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2009, consist of the following:

Tenants, net of allowance of \$27,770	\$ 13,638
Accounts receivable - HUD	7,618
Accrued Interest	<u>180</u>
Total	<u>\$ 21,436</u>

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2009, consist of the following:

Prepaid insurance \$ 3,631

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>6/30/07</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/08</u>
Capital assets, not being depreciated:				
Land	\$ 586,777	\$ 0	\$ 0	\$ 586,777
Construction in Progress	<u>13,612</u>	<u>0</u>	<u>(13,612)</u>	<u>0</u>
Total Capital Assets, not being depreciated	<u>600,389</u>	<u>0</u>	<u>(13,612)</u>	<u>586,777</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,445,126	47,310	0	2,492,436
Furniture, equipment & Machinery	<u>156,693</u>	<u>5,501</u>	<u>(4,577)</u>	<u>157,617</u>
Total Capital Assets, being depreciated	<u>2,601,819</u>	<u>52,811</u>	<u>(4,577)</u>	<u>2,650,053</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,611,901)	(58,471)	0	(1,670,372)
Furniture, equipment & Machinery	<u>(100,938)</u>	<u>(47,898)</u>	<u>0</u>	<u>(148,837)</u>
Total Accumulated Depreciation	<u>(1,712,839)</u>	<u>(106,369)</u>	<u>0</u>	<u>(1,819,209)</u>
Total Capital Assets, being depreciated, net	<u>888,980</u>	<u>(53,558)</u>	<u>(4,577)</u>	<u>830,844</u>
Capital Assets, Net	<u>\$ 1,489,369</u>	<u>\$ (53,558)</u>	<u>\$ (18,189)</u>	<u>\$ 1,417,621</u>

Major construction renovation through the Capital Fund Grant Program costs of \$152,267 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, 2009 of \$0.

Depreciation expense of \$106,370 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2009, consist of the following:

Vendors' accounts payable \$ 13,164

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE G - Accrued Liabilities:

Accrued liabilities at June 30, 2009, consist of the following:

Accrued compensated absences and payroll	\$ 4,122
Payment in lieu of taxes	<u>25,864</u>
Total	<u>\$ 29,986</u>

NOTE H - Noncurrent Liabilities:

Noncurrent liabilities at June 30, 2009 consist of the following:

	<u>06/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/09</u>
Accrued compensated absences	\$ <u>0</u>	\$ <u>10,369</u>	\$ <u>0</u>	\$ <u>10,369</u>

NOTE I - 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, 2009 were as follows:

Low Rent Public Housing	\$ 119,977
Capital Fund Program	<u>46,296</u>
Total	<u>\$ 166,273</u>

NOTE J - Capital Contributions:

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended June 30, 2009 were \$32,688.

NOTE K- Commitments and Contingencies:

Litigation - At June 30, 2009, 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, 2009.

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, 2009. 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, 2009

(Continued)

NOTE L - 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 M - Economic Dependency:

The Authority receives approximately 55% 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 N- 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 O - 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 \$89,750. During the year ended June 30, 2009, the Authority's required and actual contributions amounted to \$8,339, which was 3.0% of its current-year covered payroll in the amount of \$78,815. Contributions for 2008 were \$7,528. Contributions for 2007 were \$7,422.

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, 2009

(Continued)

NOTE O - 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 P - Interprogram transfers:

A summary of interfund transfers follows:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
Low Rent	\$ 78,984	\$ 0
Capital Fund	0	78,984
	<u>\$ 78,984</u>	<u>\$ 78,984</u>

SUPPLEMENTAL FINANCIAL INFORMATION

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS
JUNE 30, 2009

	Annual Contributions Contracts		Totals
	IN089	IN089	
	Low Income Public Housing	Capital Fund Program	
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 136,615	\$ 0	\$ 136,615
Restricted cash and cash equivalents	5,579	0	5,579
Accounts receivable, net	21,436	0	21,436
Prepaid expenses	3,631	0	3,631
Total Current Assets	167,261	0	167,261
<u>Capital Assets</u>			
Land and other nondepreciable assets	586,777	0	586,777
Depreciable capital assets, net	830,844	0	830,844
Total Capital Assets	1,417,621	0	1,417,621
Total Assets	1,584,882	0	1,584,882
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	13,164	0	13,164
Accrued liabilities	29,986	0	29,986
Payable from restricted cash and cash equivalents:			
Tenants security deposits	5,579	0	5,579
Total Current Liabilities	48,729	0	48,729
<u>Noncurrent liabilities</u>	10,369	0	10,369
Total Liabilities	59,098	0	59,098
<u>NET ASSETS</u>			
Invested in capital assets	1,417,621	0	1,417,621
Unrestricted	108,163	0	108,163
Total Net Assets	\$ 1,525,784	\$ 0	\$ 1,525,784

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Annual Contributions Contracts</u>		
	<u>IN089</u>	<u>IN089</u>	
	Low Income Public Housing	Capital Fund Program	Totals
<u>OPERATING REVENUES</u>			
Rental income	\$ 98,255	\$ 0	\$ 98,255
Other income	287	0	287
TOTAL OPERATING REVENUE	98,542	0	98,542
<u>OPERATING EXPENSES</u>			
Administrative	82,025	0	82,025
Utilities	43,902	0	43,902
Ordinary maintenance and operation	103,061	0	103,061
General expense	37,987	0	37,987
Depreciation expense	106,370	0	106,370
TOTAL OPERATING EXPENSES	373,345	0	373,345
OPERATING INCOME (LOSS)	(274,803)	0	(274,803)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	119,977	46,296	166,273
Interest income	1,408	0	1,408
TOTAL NONOPERATING REVENUES	121,385	46,296	167,681
Net income before capital contributions	(153,418)	46,296	(107,122)
CAPITAL CONTRIBUTIONS	0	32,688	32,688
CHANGE IN NET ASSETS	(153,418)	78,984	(107,122)
TOTAL NET ASSETS - BEGINNING OF YEAR	1,600,218	0	1,600,218
Equity transfers	78,984	(78,984)	0
TOTAL NET ASSETS - BEGINNING OF YEAR as restated	1,679,202	(78,984)	1,600,218
TOTAL NET ASSETS - END OF YEAR	\$ 1,525,784	\$ 0	\$ 1,525,784

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETE
FOR THE YEAR ENDED JUNE 30, 2009

Annual Contributions Contract IN089

1. The Capital Fund Grant Costs were as follows:

	<u>Phase 501-05</u>	<u>Phase 501-06</u>
Funds Approved	\$ 73,804	\$ 67,537
Funds Expended	<u>73,804</u>	<u>67,537</u>
Excess/(Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 73,804	\$ 67,537
Funds Expended	<u>73,804</u>	<u>67,537</u>
Excess/(Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Cost additions totaling \$ 51,626 were made during the current audit period and, accordingly, were audited by Jean Sickels, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs are in agreement with the Authority records and were approved by HUD.
4. All capital fund grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

OTHER REPORTS

Jean Sickels

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

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

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

I have audited the financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2009, and have issued my report thereon dated January 25, 2010 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 2009-01 and 2009-02.

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 2009-01 and 2009-02.

I noted certain matters that I reported to the management of the Rome City Housing Authority in a separate letter dated January 25, 2010.

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



Tom Sickels
Certified Public Accountant

Fredericksburg, Indiana
January 25, 2010

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

JUNE 30, 2009

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

2008-01

AUDIT CONDUCTED LATE

PRIOR
CONDITION:

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

CURRENT
CONDITION:

The audit was completed within the 9 months allowed.

This Finding is cleared

2008-02

CASH DISBURSEMENTS

This Finding is continued as 2009-01.

2008-03

TENANT ACCOUNTS RECEIVABLE & CASH COLLECTIONS

This Finding is continued as 2009-02.

CURRENT AUDIT FINDINGS

2009-01

CASH DISBURSEMENTS

CURRENT
CONDITION:

In a sample of 25 disbursements there was a lack of supportive documentation for 5 charge card disbursements.

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 2009 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.

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

JUNE 30, 2009

FINDINGS AND RESPONSES
(Continued)

CURRENT AUDIT FINDINGS
(Continued)

2009-02

TENANT ACCOUNTS RECEIVABLE & CASH COLLECTIONS

CURRENT
CONDITION: In the sample of Cash Receipts there were 5 deposit lags over 8 days.

CRITERIA: HUD rules and regulations require the cash deposits to be deposited within 3 days.

CAUSE/EFFECT: 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 begin ensuring that cash deposits are made within the required three day period. The 2009 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

January 25, 2010

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, 2009, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated January 25, 2010 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: 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.

2. 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.

3. 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.

4. **CONDITION: JOURNAL VOUCHERS**

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

RECCOMENDATION:

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

5. **CONDITION: COLLATERIALIZATION**

The bank responded to our request for information by stating that no securities are pledged.

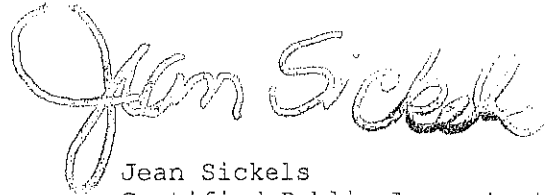
RECCOMENDATION:

The Authority should ensure that all banks that have more than \$100,000 on deposit have obtained the appropriate collateralization.

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