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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, 2009 to June 30, 2010. 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, 2010 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, 2010

*Jean Sickels*

Certified Public Accountant

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

870 Cinderella Court  
Decatur, GA 30033  
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ROME CITY  
HOUSING AUTHORITY

Rome City, Indiana  
JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Assets	2
Statement of Revenues, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	6
 <u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Schedule of Program Net Assets	14
Combining Schedule of Program Revenues, Expenses, and Changes in Net Assets	15
Financial Data Schedule	16
 <u>OTHER REPORTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Schedule of Findings and Responses	22

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd.  
Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Rome City Housing Authority ("the Authority") as of and for the year ended June 30, 2010 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, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 22, 2011 on my consideration of the Rome City Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

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

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



Certified Public Accountant

Fredericksburg, Indiana  
March 22, 2011

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

This section of the Housing Authority of the City of Rome City, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

**FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2010 were \$1,454,064. The net assets decreased by \$71,720, a decrease of 4.7% from the prior year.
- Revenues for the Authority were \$272,088 for the year ended June 30, 2010. This was a decrease of \$26,823 or 9.0% from the prior year.
- Expenses for the Authority were \$364,517 for the year ended June 30, 2010. This was a decrease of \$8,828 or 2.4% from the prior year.
- Rental revenue for the Authority was \$106,488 for the year ended June 30, 2010, an increase of \$11,076 or 11.6% over the prior year. HUD operating grants for the Authority was \$133,273 for the year ended June 30, 2010. This was a decrease of \$33,000 or 19.8% from the prior year. HUD capital grants were \$24,986 for the year ended June 30, 2010. This was a decrease of \$7,702 or 23.6% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

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

*Required Financial Statements*

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

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

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

*Notes to the Financial Statements*

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

*HUD Reporting*

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2010 and is required to be included in the audit reporting package.

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets exceeded liabilities by \$1,454,064 at the close of the year ended June 30, 2010, down from \$1,525,784 in fiscal year 2009. The decrease in net assets of \$71,720 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$26,945 decrease in this category, cash decreased \$56,404, and receivables increased \$32,152, and prepaid expenses decreased \$2,693.
- Capital assets decreased \$69,931 because current year depreciation exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities decreased \$15,258 mainly due to a \$19,384 decrease in accrued payments in lieu of taxes. The Authority also had a \$9,649 increase in current portion of accrued compensated absences.
- Noncurrent liabilities decreased \$9,898 due to a decrease in noncurrent portion of accrued compensated absences.

**CONDENSED STATEMENTS OF NET ASSETS**

	<u>FY 2010</u>	<u>FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>ASSETS</b>				
Current assets	\$ 140,316	\$ 167,261	\$ (26,945)	-16.1%
Capital assets, net	1,347,690	1,417,621	(69,931)	-4.9%
<b>TOTAL ASSETS</b>	<u>\$ 1,488,006</u>	<u>\$ 1,584,882</u>	<u>\$ (96,876)</u>	-6.1%
<b>LIABILITIES</b>				
Current liabilities	\$ 33,471	\$ 48,729	\$ (15,258)	-31.3%
Noncurrent liabilities	471	10,369	(9,898)	-95.5%
<b>TOTAL LIABILITIES</b>	<u>33,942</u>	<u>59,098</u>	<u>(25,156)</u>	-42.6%
<b>NET ASSETS</b>				
Invested in capital assets	1,347,690	1,417,621	(69,931)	-4.9%
Unrestricted	106,374	108,163	(1,789)	-1.7%
<b>TOTAL NET ASSETS</b>	<u>\$ 1,454,064</u>	<u>\$ 1,525,784</u>	<u>\$ (71,720)</u>	-4.7%

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

**FINANCIAL ANALYSIS (CONTINUED)**

The unrestricted net assets were \$106,374 as of June 30, 2010. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for almost five months. The Authority did not have any net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

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

The 2007 approved capital grant (501-07) totals \$68,800 and was 90.6% expended as of June 30, 2010. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/10, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 62,300	100.0%	Operations
1460	\$ 6,500	0.0%	Dwelling Structures

The 2008 approved capital grant (501-08) totals \$67,358 and was 52.5% expended as of June 30, 2010. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/10, and development account:

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

The 2009 approved capital fund stimulus grant (ARRA) totals \$85,261 and was 19.9% expended as of June 30, 2010. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/10, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1410	\$ 2,061	0.0%	Administration
1430	\$ 12,150	74.0%	Fees and Costs
1460	\$ 36,700	21.8%	Dwelling Structures
1475	\$ 34,350	0.0%	Non-Dwelling Equipment

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

**FINANCIAL ANALYSIS (CONTINUED)**

The 2009 approved capital grant (501-09) totals \$67,006 and was not started as of June 30, 2010. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/10, and development account:

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

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

As can be seen in the table on the following page, total revenues decreased \$26,823 due to the reasons noted below.

- Rental revenue increased \$11,076 or 11.6% mostly due to an increase in average rental charge per unit of \$16.80 or 10.3%.
- Of the \$33,000 decrease in operating grants, public housing operating subsidy decreased \$1,704 and capital fund grants used for operating expenditures decreased \$31,296.
- Interest earnings decreased \$308 or 21.9% primarily due to a decrease in cash and investments.
- Capital grants decreased \$7,702 from FY 2009. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Other revenues decreased \$2,307 or 73.7% from FY 2009 mostly due to a decrease in other tenant charges.
- The Authority had a gain on disposal of capital assets of \$5,418 in FY 2010.

Total expenses decreased \$8,828 due to the reasons noted below.

- Administrative expense decreased \$8,179 or 10.0% from FY 2009 mainly due to a decrease in auditing fees of \$6,849. The Authority also had a decrease in office expenses of \$3,143.
- Of the \$2,218 decrease in utilities, water increased \$210 or 1.0%, electricity increased \$812 or 6.1%, gas decreased \$3,556 or 43.1%, and other utilities increased \$316 or 23.2%.
- Ordinary maintenance increased \$9,478 or 9.2% primarily due to a \$9,970 increase in contracted maintenance services. The Authority also had a \$3,161 increase in maintenance materials and a \$3,653 decrease in maintenance labor and benefits.

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

**FINANCIAL ANALYSIS (CONTINUED)**

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

	<u>FY 2010</u>	<u>FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>REVENUES</b>				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 106,488	\$ 95,412	\$ 11,076	11.6%
HUD PHA operating grants	133,273	166,273	(33,000)	-19.8%
Interest & investment earnings	1,100	1,408	(308)	-21.9%
HUD PHA capital grants	24,986	32,688	(7,702)	-23.6%
Other revenues	823	3,130	(2,307)	-73.7%
Gain (loss) on sale of capital assets	5,418	-	5,418	100.0%
<b>TOTAL REVENUES</b>	<u>272,088</u>	<u>298,911</u>	<u>(26,823)</u>	-9.0%
<b>EXPENSES</b>				
Administrative	73,846	82,025	(8,179)	-10.0%
Utilities	41,684	43,902	(2,218)	-5.1%
Ordinary maintenance	112,539	103,061	9,478	9.2%
General expenses	32,363	37,987	(5,624)	-14.8%
Depreciation	104,085	106,370	(2,285)	-2.1%
<b>TOTAL EXPENSES</b>	<u>364,517</u>	<u>373,345</u>	<u>(8,828)</u>	-2.4%
<b>CHANGE IN NET ASSETS</b>	(92,429)	(74,434)	(17,995)	
<b>NET ASSETS</b>				
Beginning net assets	1,525,784	1,600,218	(74,434)	
Prior period adjustments	20,709	-	20,709	
<b>NET ASSETS - BEG OF YEAR</b>	<u>1,546,493</u>	<u>1,600,218</u>	<u>(53,725)</u>	
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,454,064</u>	<u>\$ 1,525,784</u>	<u>\$ (71,720)</u>	

- General expenses decreased \$5,624 or 14.8% mostly due to a \$7,714 decrease in expenditures for compensated absences. The Authority also had a \$1,324 increase in payments in lieu of taxes and a \$1,066 increase in insurance premiums for property, liability, worker's compensation, and other.
- The Authority had a \$2,285 or 2.1% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.

The Low Rent Public Housing occupancy rate for fiscal year June 30, 2010 was 98.5%, up from 97.3% in FY 2009. The Authority currently has 50 Public Housing units.

**ROME CITY HOUSING AUTHORITY**  
**ROME CITY, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**June 30, 2010**

**CAPITAL ASSETS**

**Capital Assets** - The Housing Authority of the City of Rome City, Indiana's investment in capital assets, as of June 30, 2010 amounts to \$1,347,690 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment, construction in progress, and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 4.9% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$37,696 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$104,085. The Authority has \$173,782 available in capital funds to draw down and spend in the future. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$1,417,621	\$37,696	\$(104,085)	\$(3,542)	\$1,347,690

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2011 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

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

**FINANCIAL STATEMENTS**

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$	81,076
Restricted cash and cash equivalents		4,714
Accounts receivable, net		53,588
Prepaid expenses		938
<b>Total Current Assets</b>		<b>140,316</b>

Capital Assets

Land and other nondepreciable assets		595,768
Depreciable capital assets, net		751,922
<b>Total Capital Assets</b>		<b>1,347,690</b>

**Total Assets** **1,488,006**

LIABILITIES

Current liabilities

Accounts payable		7,915
Accrued liabilities		20,086
Deferred revenue		756
Payable from restricted cash and cash equivalents:		
Tenant's security deposits		4,714
<b>Total Current Liabilities</b>		<b>33,471</b>

Noncurrent liabilities 471

**Total Liabilities** **33,942**

NET ASSETS

Invested in capital assets		1,347,690
Unrestricted		106,374
<b>Total Net Assets</b>	\$	<b>1,454,064</b>

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, 2010

OPERATING REVENUES

Rental income	\$	106,895
Other income		5,834

<b>TOTAL OPERATING REVENUE</b>		<u>112,729</u>
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OPERATING EXPENSES

Administrative		73,846
Utilities		41,684
Ordinary maintenance and operation		112,539
General expense		32,363
Depreciation expense		104,085

<b>TOTAL OPERATING EXPENSES</b>		<u>364,517</u>
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OPERATING INCOME (LOSS)		<u>(251,788)</u>
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NONOPERATING REVENUES

Federal operating grants		133,273
Interest income		1,100

<b>TOTAL NONOPERATING REVENUES</b>		<u>134,373</u>
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Net income before capital contributions		(117,415)
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CAPITAL CONTRIBUTIONS		<u>24,986</u>
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CHANGE IN NET ASSETS		(92,429)
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TOTAL NET ASSETS - BEGINNING OF YEAR, as originally stated		<u>1,525,785</u>
--	--	------------------

Equity transfers and prior period adjustments		<u>20,708</u>
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TOTAL NET ASSETS - BEGINNING OF YEAR, as restated		<u>1,546,493</u>
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TOTAL NET ASSETS - END OF YEAR	\$	<u>1,454,064</u>
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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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 81,333
Payments to vendors	(147,410)
Payments to employees	(115,533)
Net Cash Used by Operating Activities	<u>(181,610)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>133,273</u>
Net Cash From Noncapital Financing Activities	<u>133,273</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	24,986
Acquisition and construction of capital assets	<u>(34,153)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(9,167)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>1,100</u>
Net Cash From Investing Activities	<u>1,100</u>

Net Increase (Decrease) in Cash and Cash Equivalents (56,404)

Cash - Beginning of year 142,194

Cash - End of year \$ 85,790

Reconciliation of Cash

Cash and cash equivalents	\$ 81,076
Restricted cash and cash equivalents	<u>4,714</u>
	\$ <u><u>85,790</u></u>

Continued

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010  
(Continued)

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

Operating income (loss)	\$	(251,788)
Adjustments to reconcile net income to net cash		
Provided by operating activities:		
Prior period adjustment		20,708
Depreciation		104,085
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(32,152)
Prepaid expenses		2,693
Increase (Decrease) in:		
Accounts payable		(6,114)
Accrued liabilities		(19,798)
Deferred revenue		756
Net Cash Flows Provided (Used)		
by Operating Activities	\$	<u>(181,610)</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, 2010

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, 2010, 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, 2010

(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, 2010.

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, 2010

(Continued)

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

Capital assets - (Continued)

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

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

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

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

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

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

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

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

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(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, 2010, 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, 2010, the carrying amount of the Authority's deposits was \$85,790. 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	\$ 41,253
Certificate of Deposit	44,537
Total	<u>\$ 85,790</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2010, consist of the following:

Tenants, net of allowance of \$3,612	\$ 23,592
Accounts receivable - HUD	29,699
Accrued Interest	297
Total	<u>\$ 53,588</u>

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2010, consist of the following:

Prepaid insurance \$ 938

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>6/30/09</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/10</u>
Capital assets, not being depreciated:				
Land	\$ 586,777	\$ 0	\$ 0	\$ 586,777
Construction in Progress	<u>0</u>	<u>8,991</u>	<u>0</u>	<u>8,991</u>
Total Capital Assets, not being depreciated	<u>586,777</u>	<u>8,991</u>	<u>0</u>	<u>595,768</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,492,436	9,958	0	2,502,394
Furniture, equipment & Machinery	<u>157,617</u>	<u>15,205</u>	<u>( 4,958)</u>	<u>167,864</u>
Total Capital Assets, being depreciated	<u>2,650,053</u>	<u>25,163</u>	<u>( 4,958)</u>	<u>2,670,258</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,670,372)	( 88,041)	0	( 1,758,413)
Furniture, equipment & Machinery	<u>( 148,837)</u>	<u>( 16,044)</u>	<u>4,958</u>	<u>( 159,923)</u>
Total Accumulated Depreciation	<u>(1,819,209)</u>	<u>( 104,085)</u>	<u>4,958</u>	<u>( 1,918,336)</u>
Total Capital Assets, being depreciated, net	<u>830,844</u>	<u>( 78,922)</u>	<u>( 0)</u>	<u>751,922</u>
Capital Assets, Net	<u>\$ 1,417,621</u>	<u>\$ ( 69,931)</u>	<u>\$ ( 0)</u>	<u>\$ 1,347,690</u>

Major construction renovation through the Capital Fund Grant Program costs of \$116,791 are yet to be expended under the current programs. HUD has approved funding for the above amount. The Authority has significant capital construction projects with remaining commitment amounts as of June 30, 2010 of \$66,680.

Depreciation expense of \$104,085 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2010, consist of the following:

Vendors' accounts payable \$ 7,915

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

**NOTE G - Accrued Liabilities:**

Accrued liabilities at June 30, 2010, consist of the following:

Accrued compensated absences and payroll	\$ 13,606
Payment in lieu of taxes	<u>6,480</u>
Total	<u>\$ 20,086</u>

**NOTE H - Deferred Revenue:**

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

Prepaid rent	<u>\$ 756</u>
--------------	---------------

**NOTE I - Noncurrent Liabilities:**

Noncurrent liabilities at June 30, 2010 consist of the following:

	<u>06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/10</u>
Accrued compensated absences	\$ <u>10,369</u>	\$ <u>0</u>	\$ <u>(9,898)</u>	\$ <u>471</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, 2010 were as follows:

Low Rent Public Housing	\$ 125,891
Capital Fund Program	<u>7,382</u>
Total	<u>\$ 133,273</u>

**NOTE K - Capital Contributions:**

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended June 30, 2010 were \$24,986.

**NOTE L- Commitments and Contingencies:**

**Litigation** - At June 30, 2010, 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, 2010.

**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, 2010. 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(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 58% 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 \$82,855. During the year ended June 30, 2010, the Authority's required and actual contributions amounted to \$8,243, which was 3.0% of its current-year covered payroll in the amount of \$78,500. Contributions for 2009 were \$8,339. Contributions for 2008 were \$7,528.

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, 2010

(Continued)

NOTE P - Defined Contribution Plan: (Continued)

**Basis of Accounting**

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

**Valuation of Investments**

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

NOTE Q - Interprogram Transfers:

A summary of interfund transfers follows:

	<u>Transfers</u> In	<u>Transfers</u> Out
Low Rent	\$ 24,373	\$ 0
Capital Fund	0	24,373
	<u>\$ 24,373</u>	<u>\$ 24,373</u>

NOTE R - Prior Period Adjustment:

The prior period adjustment consists of a write off of Payments in Lieu of Taxes (PILOT) for the past several years of \$20,708. The City of Rome allowed this forgiveness this fiscal year.

**SUPPLEMENTAL FINANCIAL INFORMATION**

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS

JUNE 30, 2010

	<u>Annual Contributions</u>		<u>Contracts</u>	<u>Totals</u>
	<u>IN089</u>	<u>IN089</u>	<u>IN089</u>	
	Low Income Public Housing	Capital Fund Programs	Interprogram Elimination	
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 81,076	\$ 0	\$ 0	\$ 81,076
Restricted cash and cash equivalents	4,714	0	0	4,714
Accounts receivable, net	36,597	16,991	0	53,588
Interfund	16,991	0	(16,991)	0
Prepaid expenses	938	0	0	938
<b>Total Current Assets</b>	<b>140,316</b>	<b>16,991</b>	<b>(16,991)</b>	<b>140,316</b>
<b><u>Capital Assets</u></b>				
Land and other nondepreciable assets	595,768	0	0	595,768
Depreciable capital assets, net	751,922	0	0	751,922
<b>Total Capital Assets</b>	<b>1,347,690</b>	<b>0</b>	<b>0</b>	<b>1,347,690</b>
<b>Total Assets</b>	<b>1,488,006</b>	<b>16,991</b>	<b>(16,991)</b>	<b>1,488,006</b>
<b><u>LIABILITIES</u></b>				
<b><u>Current liabilities</u></b>				
Accounts payable	8,671	0	0	8,671
Accrued liabilities	20,086	0	0	20,086
Interfund	0	16,991	(16,991)	0
Payable from restricted cash and cash equivalents:				
Tenants security deposits	4,714	0	0	4,714
<b>Total Current Liabilities</b>	<b>33,471</b>	<b>16,991</b>	<b>(16,991)</b>	<b>33,471</b>
<b><u>Noncurrent liabilities</u></b>	<b>471</b>	<b>0</b>	<b>0</b>	<b>471</b>
<b>Total Liabilities</b>	<b>33,942</b>	<b>16,991</b>	<b>(16,991)</b>	<b>33,942</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets	1,347,690	0	0	1,347,690
Unrestricted	106,374	0	0	106,374
<b>Total Net Assets</b>	<b>\$ 1,454,064</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,454,064</b>

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Annual Contributions Contracts</u>		<u>Totals</u>
	<u>IN089</u>	<u>IN089</u>	
	Low Income Public Housing	Capital Fund Program	
<b><u>OPERATING REVENUES</u></b>			
Rental income	\$ 106,895	\$ 0	\$ 106,895
Other income	5,834	0	5,834
<b>TOTAL OPERATING REVENUE</b>	<b>112,729</b>	<b>0</b>	<b>112,729</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative	73,846	0	73,846
Utilities	41,684	0	41,684
Ordinary maintenance and operation	112,539	0	112,539
General expense	32,363	0	32,363
Depreciation expense	104,085	0	104,085
<b>TOTAL OPERATING EXPENSES</b>	<b>364,517</b>	<b>0</b>	<b>364,517</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(251,788)</b>	<b>0</b>	<b>(251,788)</b>
<b><u>NONOPERATING REVENUES</u></b>			
Federal operating grants	125,891	7,382	133,273
Interest income	1,100	0	1,100
<b>TOTAL NONOPERATING REVENUES</b>	<b>126,991</b>	<b>7,382</b>	<b>134,373</b>
<b>Net income before capital contributions</b>	<b>(124,797)</b>	<b>7,382</b>	<b>(117,415)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>7,995</b>	<b>16,991</b>	<b>24,986</b>
<b>CHANGE IN NET ASSETS</b>	<b>(124,797)</b>	<b>24,373</b>	<b>(117,415)</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>1,525,785</b>	<b>0</b>	<b>1,525,785</b>
Equity transfers and prior period adjustment	45,081	(24,373)	20,708
<b>TOTAL NET ASSETS - BEGINNING OF YEAR as restated</b>	<b>1,570,866</b>	<b>(24,373)</b>	<b>1,546,493</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 1,446,069</b>	<b>\$ 0</b>	<b>\$ 1,446,069</b>

Housing Authority of the City of Rome City (IN089)  
ROME CITY, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2010

	Project Total	14,885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$81,076		\$81,076		\$81,076
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$4,714		\$4,714		\$4,714
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$85,790	\$0	\$85,790	\$0	\$85,790
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$12,708	\$16,991	\$29,699		\$29,699
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$27,204		\$27,204		\$27,204
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,612		-\$3,612		-\$3,612
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128. Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$297		\$297		\$297
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$36,597	\$16,991	\$53,588	\$0	\$53,588
131 Investments - Unrestricted	\$0		\$0		\$0
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$938		\$938		\$938
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$16,991		\$16,991	-\$16,991	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$140,316	\$16,991	\$157,307	-\$16,991	\$140,316
161 Land	\$586,777		\$586,777		\$586,777
162 Buildings	\$2,418,640		\$2,418,640		\$2,418,640
163 Furniture, Equipment & Machinery - Dwellings	\$42,400		\$42,400		\$42,400
164 Furniture, Equipment & Machinery - Administration	\$125,464		\$125,464		\$125,464
165 Leasehold Improvements	\$83,754		\$83,754		\$83,754
166 Accumulated Depreciation	-\$1,918,336		-\$1,918,336		-\$1,918,336
167 Construction in Progress	\$8,991		\$8,991		\$8,991
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,347,690	\$0	\$1,347,690	\$0	\$1,347,690
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,347,690	\$0	\$1,347,690	\$0	\$1,347,690
190 Total Assets	\$1,488,008	\$16,991	\$1,504,997	-\$16,991	\$1,488,008

311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$7,915		\$7,915		\$7,915
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$2,805		\$2,805		\$2,805
322 Accrued Compensated Absences - Current Portion	\$10,801		\$10,801		\$10,801
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$6,480		\$6,480		\$6,480
341 Tenant Security Deposits	\$4,714		\$4,714		\$4,714
342 Deferred Revenues	\$756		\$756		\$756
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$16,991	\$16,991	-\$16,991	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$33,471	\$16,991	\$50,462	-\$16,991	\$33,471
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$471		\$471		\$471
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$471	\$0	\$471	\$0	\$471
300 Total Liabilities	\$33,942	\$16,991	\$50,933	-\$16,991	\$33,942
508.1 Invested In Capital Assets, Net of Related Debt	\$1,347,690		\$1,347,690		\$1,347,690
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets					
512.1 Unrestricted Net Assets	\$106,374	\$0	\$106,374		\$106,374
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$1,454,064	\$0	\$1,454,064	\$0	\$1,454,064
600 Total Liabilities and Equity/Net Assets	\$1,488,006	\$16,991	\$1,504,997	-\$16,991	\$1,488,006

Housing Authority of the City of Rome City (IN089)  
ROME CITY, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2010

	Project Total	14,885 Formula Capital Fund Stimulus Grant	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$106,488		\$106,488		\$106,488
70400 Tenant Revenue - Other	\$407		\$407		\$407
70500 Total Tenant Revenue	\$106,895	\$0	\$106,895	\$0	\$106,895
70800 HUD PHA Operating Grants	\$133,273		\$133,273		\$133,273
70810 Capital Grants	\$7,995	\$16,991	\$24,986		\$24,986
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$1,100		\$1,100		\$1,100
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$416		\$416		\$416
71600 Gain or Loss on Sale of Capital Assets	\$5,418		\$5,418		\$5,418
72000 Investment Income - Restricted					
70000 Total Revenue	\$255,097	\$16,991	\$272,088	\$0	\$272,088
91100 Administrative Salaries	\$33,056		\$33,056		\$33,056
91200 Auditing Fees	\$3,651		\$3,651		\$3,651
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$8,358		\$8,358		\$8,358
91600 Office Expenses	\$5,535		\$5,535		\$5,535
91700 Legal Expense	\$424		\$424		\$424
91800 Travel	\$6,342		\$6,342		\$6,342
91810 Allocated Overhead					
91900 Other	\$16,480		\$16,480		\$16,480
91000 Total Operating - Administrative	\$73,846	\$0	\$73,846	\$0	\$73,846
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water	\$21,210		\$21,210		\$21,210
93200 Electricity	\$14,093		\$14,093		\$14,093
93300 Gas	\$4,701		\$4,701		\$4,701
93400 Fuel					
93500 Labor					
93600 Sewer					

93700 Employee Benefit Contributions - Utilities			\$45,743		
93800 Other Utilities Expense	\$1,680		\$1,680		\$1,680
93000 Total Utilities	\$41,684	\$0	\$41,684	\$0	\$41,684
94100 Ordinary Maintenance and Operations - Labor	\$45,743		\$45,743		\$45,743
94200 Ordinary Maintenance and Operations - Materials and Other	\$16,315		\$16,315		\$16,315
94300 Ordinary Maintenance and Operations Contracts	\$22,105		\$22,105		\$22,105
94500 Employee Benefit Contributions - Ordinary Maintenance	\$28,376		\$28,376		\$28,376
94000 Total Maintenance	\$112,539	\$0	\$112,539	\$0	\$112,539
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$13,650		\$13,650		\$13,650
96120 Liability Insurance	\$1,361		\$1,361		\$1,361
96130 Workmen's Compensation	\$2,072		\$2,072		\$2,072
96140 All Other Insurance	\$1,194		\$1,194		\$1,194
96100 Total Insurance Premiums	\$18,277	\$0	\$18,277	\$0	\$18,277
96200 Other General Expenses					
96210 Compensated Absences	\$3,807		\$3,807		\$3,807
96300 Payments in Lieu of Taxes	\$6,480		\$6,480		\$6,480
96400 Bad debt - Tenant Rents	\$3,799		\$3,799		\$3,799
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$14,086	\$0	\$14,086	\$0	\$14,086
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$260,432	\$0	\$260,432	\$0	\$260,432
97000 Excess of Operating Revenue over Operating Expenses	-\$5,335	\$16,991	\$11,656	\$0	\$11,656
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$104,085		\$104,085		\$104,085
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$364,517	\$0	\$364,517	\$0	\$364,517
10010 Operating Transfer In	\$15,000		\$15,000	-\$15,000	\$0
10020 Operating Transfer Out	-\$15,000		-\$15,000	\$15,000	\$0
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0

10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$109,420	\$16,991	-\$92,429	\$0	-\$92,429
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,525,785	\$0	\$1,525,785		\$1,525,785
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$37,699	-\$16,991	\$20,708		\$20,708
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	600		600		600
11210 Number of Unit Months Leased	591		591		591
11270 Excess Cash	\$105,907		\$105,907		\$105,907
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$16,991		\$16,991		\$16,991
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$7,995		\$7,995		\$7,995
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

**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, 2010, and have issued my report thereon dated March 22, 2011, which included a disclaimer of opinion on Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

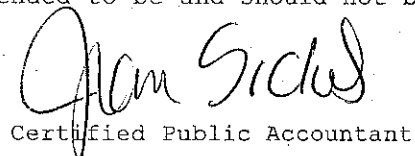
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

### Compliance and Other Matters

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

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

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

  
Certified Public Accountant

Fredericksburg, Indiana  
March 22, 2011

ROME CITY HOUSING AUTHORITY  
Rome City, Indiana

JUNE 30, 2010

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

2009-01

CASH DISBURSEMENTS

PRIOR  
CONDITION:

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

CURRENT  
CONDITION:

In the current audit sample there were no exceptions noted.

This Finding is Cleared

2009-02

TENANT ACCOUNTS RECEIVABLE & CASH COLLECTIONS

CURRENT  
CONDITION:

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

CURRENT  
CONDITION:

In the current audit sample there were no exceptions noted.

This Finding is Cleared

CURRENT AUDIT FINDINGS

There are no current audit findings.

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

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

March 22, 2011

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, 2010, 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 March 22, 2011 on the financial statements of the Authority.

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

1. **CONDITION: INVENTORY**

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

RECOMMENDATION:

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

2. **CONDITION: JOURNAL VOUCHERS**

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

RECOMMENDATION:

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

3. **CONDITION: COLLATERIALIZATION**

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

RECOMMENDATION:

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

4. **CONDITION: REAC SUBMISSIONS**

The unaudited FDS and the MASS were not submitted by the due date.

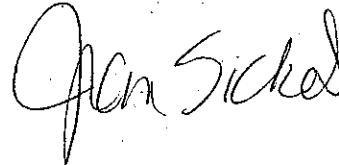
RECOMMENDATION:

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jean Sickels". The signature is written in black ink and is positioned to the right of the typed name.

Jean Sickels  
Certified Public Accountant