



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43806

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, 2011 to June 30, 2012. 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, 2012 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, 2012

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, 2012

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, 2012 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.

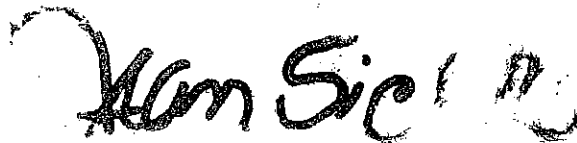
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2012, 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 February 4, 2013 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
February 4, 2013

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

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, 2012. 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, 2012 were \$1,409,055. The net assets decreased by \$36,430, a decrease of 2.5% from the prior year.
- Revenues for the Authority were \$309,749 for the year ended June 30, 2012. This was a decrease of \$11,889 or 3.7% from the prior year.
- Expenses for the Authority were \$346,179 for the year ended June 30, 2012. This was an increase of \$15,962 or 4.8% over the prior year.
- Rental income for the Authority was \$101,879 for the year ended June 30, 2012, an increase of \$17,712 or 21.0% over the prior year. Federal operating grants for the Authority was \$168,243 for the year ended June 30, 2012. This was a decrease of \$368 or 0.2% from the prior year. Capital contributions were \$39,103 for the year ended June 30, 2012. This was a decrease of \$29,168 or 42.7% 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.

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

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, 2012 and is required to be included in the audit reporting package.

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

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 \$1,409,055 at the close of the year ended June 30, 2012, down from \$1,445,485 in fiscal year 2011. The decrease in net assets of \$36,430 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$13,474 increase in this category, cash increased \$13,375 and receivables increased \$99.
- Capital assets decreased \$33,989 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 increased \$16,487 mainly due to a \$6,072 increase in accounts payable. The Authority also had a \$5,964 increase in accrued payments in lieu of taxes and a \$3,796 increase in deferred revenue.
- Noncurrent liabilities decreased \$572 due to a decrease in noncurrent portion of accrued compensated absences.

CONDENSED STATEMENTS OF NET ASSETS

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 131,926	\$ 118,452	\$ 13,474	11.4%
Capital assets, net	1,309,443	1,343,432	(33,989)	-2.5%
TOTAL ASSETS	<u>\$ 1,441,369</u>	<u>\$ 1,461,884</u>	<u>\$ (20,515)</u>	-1.4%
LIABILITIES				
Current liabilities	\$ 32,314	\$ 15,827	\$ 16,487	104.2%
Noncurrent liabilities	-	572	(572)	-100.0%
TOTAL LIABILITIES	<u>\$ 32,314</u>	<u>\$ 16,399</u>	<u>\$ 15,915</u>	97.0%
NET ASSETS				
Invested in capital assets	\$ 1,309,443	\$ 1,343,432	\$ (33,989)	-2.5%
Unrestricted	99,612	102,053	(2,441)	-2.4%
TOTAL NET ASSETS	<u>\$ 1,409,055</u>	<u>\$ 1,445,485</u>	<u>\$ (36,430)</u>	-2.5%

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

FINANCIAL ANALYSIS (CONTINUED)

The 2008 approved capital grant (501-08) totals \$67,358 and was 97.0% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, 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	100.0%	Dwelling Structures
1475	\$ 10,000	80.0%	Non-Dwelling Equipment

The 2009 approved capital grant (501-09) totals \$67,006 and was 59.9% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 31,006	100.0%	Operations
1460	\$ 26,000	35.0%	Dwelling Structures
1475	\$ 10,000	0.0%	Non-Dwelling Equipment

The 2010 approved capital grant (501-10) totals \$66,781 and was 29.8% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 19,881	100.0%	Operations
1460	\$ 46,900	0.0%	Dwelling Structures

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

FINANCIAL ANALYSIS (CONTINUED)

The 2011 approved capital grant (501-11) totals \$55,874 and was 58.8% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 32,874	100.0%	Operations
1460	\$ 23,000	0.0%	Dwelling Structures

The 2012 approved capital grant (501-12) totals \$51,038 and was 41.2% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 21,038	100.0%	Operations
1460	\$ 30,000	0.0%	Dwelling Structures

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 \$11,889 due to the reasons noted below.

- Rental income increased \$17,712 or 21.0% mostly due to an increase in average rental charge per unit of \$31.94 or 22.8%.
- Of the \$368 decrease in federal operating grants, public housing operating subsidy decreased \$3,393 and capital fund grants used for operating expenditures increased \$3,025.
- Interest income decreased \$15 or 3.4% due to lower interest rates on deposit accounts.
- Capital contributions decreased \$29,168 from FY 2011. 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 income decreased \$50 or 33.3% from FY 2011.

Total expenses increased \$15,962 due to the reasons noted below.

- Administrative expense increased \$13,202 or 16.6% mainly due to an increase in administrative salaries and benefits of \$11,253 or 25.3%.
- Of the \$7,523 decrease in utilities, water increased \$1,071 or 4.8%, electricity decreased \$5,429 or 31.0%, gas decreased \$2,955 or 34.8%, and other utilities decreased \$210 or 18.7%.

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

FINANCIAL ANALYSIS (CONTINUED)

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

	FY 2012	FY 2011	Dollar Change	Percent Change
REVENUES				
Operating - non-operating - capital contributions:				
Rental income	\$ 101,879	\$ 84,167	\$ 17,712	21.0%
Federal operating grants	168,243	168,611	(368)	-0.2%
Interest income	424	439	(15)	-3.4%
Capital contributions	39,103	68,271	(29,168)	-42.7%
Other income	100	150	(50)	-33.3%
TOTAL REVENUES	309,749	321,638	(11,889)	-3.7%
EXPENSES				
Administrative	92,848	79,646	13,202	16.6%
Utilities	42,118	49,641	(7,523)	-15.2%
Ordinary maintenance and operation	82,489	85,697	(3,208)	-3.7%
General expense	45,691	30,172	15,519	51.4%
Depreciation expense	83,033	85,061	(2,028)	-2.4%
TOTAL EXPENSES	346,179	330,217	15,962	4.8%
CHANGE IN NET ASSETS	(36,430)	(8,579)	(27,851)	
NET ASSETS - BEG OF YEAR	1,445,485	1,454,064	(8,579)	
NET ASSETS - END OF YEAR	\$ 1,409,055	\$ 1,445,485	\$ (36,430)	

- Ordinary maintenance and operation decreased \$3,208 or 3.7% primarily due to a \$1,848 decrease in maintenance materials and a \$2,535 decrease in contracted maintenance services.
- General expense increased \$15,519 or 51.4% mostly due to a \$10,939 increase in tenant bad debt expense. The Authority also had a \$2,177 increase in expenditures for compensated absences and a \$2,672 increase in payments in lieu of taxes.
- The Authority had a \$2,028 or 2.4% 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, 2012 was 98.5%, up slightly from 98.3% in FY 2011. The Authority currently has 50 Public Housing units.

HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2012

CAPITAL ASSETS

Capital Assets – The Housing Authority of the City of Rome City, Indiana's investment in capital assets, as of June 30, 2012 amounts to \$1,309,443 (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 2.5% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$49,044 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 \$83,033. The Authority has \$128,802 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	Ending
Capital assets	\$1,343,432	\$49,044	\$(83,033)	\$1,309,443

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 2013 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, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 93,325
Restricted cash and cash equivalents	8,487
Accounts receivable, net	29,175
Prepaid expenses	939
Total Current Assets	<u>131,926</u>

Capital Assets

Land and other nondepreciable assets	625,880
Depreciable capital assets, net	683,563
Total Capital Assets	<u>1,309,443</u>

Total Assets	<u>1,441,369</u>
---------------------	-------------------------

LIABILITIES

Current liabilities

Accounts payable	11,873
Accrued liabilities	11,836
Deferred revenue	4,215
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	4,390
Total Current Liabilities	<u>32,314</u>

<u>Noncurrent liabilities</u>	<u>0</u>
-------------------------------	----------

Total Liabilities	<u>32,314</u>
--------------------------	----------------------

NET ASSETS

Invested in capital assets	1,309,443
Unrestricted	99,612
Total Net Assets	<u>\$ 1,409,055</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, 2012

OPERATING REVENUES

Rental income	\$ 101,879
Other income	100

TOTAL OPERATING REVENUE	<u>101,979</u>
-------------------------	----------------

OPERATING EXPENSES

Administrative	92,848
Utilities	42,118
Ordinary maintenance and operation	82,489
General expense	45,691
Depreciation expense	83,033

TOTAL OPERATING EXPENSES	<u>346,179</u>
--------------------------	----------------

OPERATING INCOME (LOSS)	<u>(244,200)</u>
-------------------------	------------------

NONOPERATING REVENUES

Federal operating grants	168,243
Interest income	424

TOTAL NONOPERATING REVENUES	<u>168,667</u>
-----------------------------	----------------

Net income before capital contributions	(75,533)
---	----------

CAPITAL CONTRIBUTIONS	<u>39,103</u>
-----------------------	---------------

CHANGE IN NET ASSETS	(36,430)
----------------------	----------

TOTAL NET ASSETS - BEGINNING OF YEAR	<u>1,445,485</u>
--------------------------------------	------------------

TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,409,055</u>
--------------------------------	---------------------

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	105,676
Payments to vendors		(148,039)
Payments to employees		(102,988)
Net Cash Used by Operating Activities		<u>(145,351)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>168,243</u>
Net Cash From Noncapital Financing Activities		<u>168,243</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		39,103
Acquisition and construction of capital assets		<u>(49,044)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(9,941)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>424</u>
Net Cash From Investing Activities		<u>424</u>

Net Increase (Decrease) in Cash and Cash Equivalents 13,375

Cash - Beginning of year 88,437

Cash - End of year \$ 101,812

Reconciliation of Cash

Cash and cash equivalents	\$	93,325
Restricted cash and cash equivalents		<u>8,487</u>
	\$	<u><u>101,812</u></u>

Continued

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)

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

Operating income (loss)	\$	(244,200)
Adjustments to reconcile net operating income to net cash Provided by operating activities:		
Depreciation		83,033
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(99)
Prepaid expenses		0
Increase (Decrease) in:		
Accounts payable		5,867
Accrued liabilities		6,252
Deferred revenue		<u>3,796</u>
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(145,351)</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, 2012

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, 2012, 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, 2012
(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, 2012.

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, 2012
(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, 2012
(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, 2012, 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, 2012, the carrying amount of the Authority's deposits was \$101,812. 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	\$ 56,314
Certificate of Deposit	<u>45,498</u>
Total	<u>\$101,812</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2012, consist of the following:

Tenants, net of allowance of \$18,639	\$ 8,121
Accounts receivable - HUD	21,038
Accrued Interest	<u>16</u>
Total	<u>\$ 29,175</u>

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2012, consist of the following:

Prepaid insurance \$ 939

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 6/30/11	Increases	Decreases	Transfers	Ending Balance 6/30/12
Capital assets, not being depreciated:					
Land	\$ 586,777	\$ 0	\$ 0	\$ 0	\$ 586,777
Construction in Progress	0	39,103	0	0	39,103
Total Capital Assets, Not being depreciated	586,777	39,103	0	0	625,880
Capital Assets, being depreciated:					
Buildings & Improvements	2,589,579	9,940	0	0	2,599,519
Furniture, Equipment & Machinery	170,474	0	(29,645)	0	140,829
Total Capital Assets, being depreciated	2,760,053	9,940	(29,645)	0	2,740,348
Less Accumulated Depreciation for:					
Buildings & Improvements	(1,855,286)	(76,873)	0	0	(1,932,159)
Furniture, Equipment and Machinery	(148,112)	(6,160)	29,646	0	(124,626)
Total Accumulated Depreciation:	(2,003,398)	(83,033)	29,646	0	(2,056,785)
Total Capital Assets, being depreciated, net	756,655	73,093	1	0	683,563
Capital Assets, Net	<u>\$ 1,343,432</u>	<u>\$ (33,990)</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 1,309,443</u>

Major construction renovation through the Capital Fund Grant Program costs of \$154,122 is yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$83,033 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2012, consist of the following:

Vendors' accounts payable \$11,873

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE G - Accrued Liabilities:

Accrued liabilities at June 30, 2012, consist of the following:

Accrued compensated absences and payroll	\$ 2,580
Payment in lieu of taxes	<u>9,256</u>
Total	<u>\$11,836</u>

NOTE H - Deferred Revenue:

Deferred Revenue at June 30, 2012, consists of the following:

ELLOCS Advances	<u>\$ 4,215</u>
-----------------	-----------------

NOTE I - Noncurrent Liabilities:

Noncurrent liabilities at June 30, 2012 consist of the following:

	06/30/11	Additions	Deletions	06/30/12
Accrued compensated absences	\$ <u>572</u>	\$ <u>0</u>	\$ <u>(572)</u>	\$ <u>0</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, 2012 were as follows:

Low Rent Public Housing	\$ 124,450
Capital Fund Program	<u>43,479</u>
Total	<u>\$ 168,243</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, 2012 were \$39,103.

NOTE L - Commitments and Contingencies:

Litigation - At June 30, 2012, 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, 2012.

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, 2012. 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, 2012

(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 72% 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 \$63,479. During the year ended June 30, 2012, the Authority's required and actual contributions amounted to \$5,789, which was 10.0% of its current-year covered payroll in the amount of \$57,878.

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, 2012

(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> <u>In</u>	<u>Transfers</u> <u>Out</u>
Low Rent	\$ 93,015	\$ 0
Capital Fund	0	93,015
	<u>\$ 93,015</u>	<u>\$ 93,015</u>

SUPPLEMENTAL FINANCIAL INFORMATION

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM NET ASSETS

JUNE 30, 2012

	Annual Contributions Co		
	IN089	IN089	
	Low		
	Income	Capital	
	Public	Fund	
	Housing	Programs	Totals
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 93,325	\$ 0	\$ 93,325
Restricted cash and cash equivalents	8,487	0	8,487
Accounts receivable, net	29,175	0	29,175
Prepaid expenses	939	0	939
Total Current Assets	131,926	0	131,926
<u>Capital Assets</u>			
Land and other nondepreciable assets	625,880	0	625,880
Depreciable capital assets, net	683,563	0	683,563
Total Capital Assets	1,309,443	0	1,309,443
Total Assets	1,441,369	0	1,441,369
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	11,873	0	11,873
Accrued liabilities	11,836	0	11,836
Deferred revenue	4,215	0	4,215
Payable from restricted cash and cash equivalents:			
Tenants security deposits	4,390	0	4,390
Total Current Liabilities	32,314	0	32,314
<u>Noncurrent liabilities</u>	0	0	0
Total Liabilities	32,314	0	32,314
<u>NET ASSETS</u>			
Invested in capital assets	1,309,443	0	1,309,443
Unrestricted	99,612	0	99,612
Total Net Assets	\$ 1,409,055	\$ 0	\$ 1,409,055

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Annual Contributions Contracts		Totals
	IN089	IN089	
	Low Income Public Housing	Capital Fund Program	
<u>OPERATING REVENUES</u>			
Rental income	\$ 101,879	\$ 0	\$ 101,879
Other income	100	0	100
TOTAL OPERATING REVENUE	101,979	0	101,979
<u>OPERATING EXPENSES</u>			
Administrative	92,848	0	92,848
Utilities	42,118	0	42,118
Ordinary maintenance and operation	82,489	0	82,489
General expense	45,691	0	45,691
Depreciation expense	83,033	0	83,033
TOTAL OPERATING EXPENSES	346,179	0	346,179
OPERATING INCOME (LOSS)	(244,200)	0	(244,200)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	114,331	53,912	168,243
Interest income	424	0	424
TOTAL NONOPERATING REVENUES	114,755	53,912	168,667
Net income before capital contributions	(129,445)	53,912	(75,533)
CAPITAL CONTRIBUTIONS	0	39,103	39,103
CHANGE IN NET ASSETS	(129,445)	93,015	(75,533)
TOTAL NET ASSETS - BEGINNING OF YEAR	1,445,485	0	1,445,485
Equity transfers and prior period adjustment	93,015	(93,015)	0
TOTAL NET ASSETS - BEGINNING OF YEAR as restated	1,538,500	(93,015)	1,445,485
TOTAL NET ASSETS - END OF YEAR	\$ 1,409,055	\$ 0	\$ 1,409,055

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: 06/30/2012

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$47,827	\$47,827		\$47,827
112 Cash - Restricted - Modernization and Development	\$4,097	\$4,097		\$4,097
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$4,390	\$4,390		\$4,390
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$56,314	\$56,314	\$0	\$56,314
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$21,038	\$21,038		\$21,038
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$26,760	\$26,760		\$26,760
126.1 Allowance for Doubtful Accounts - Tenants	-\$18,639	-\$18,639		-\$18,639
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$16	\$16		\$16
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$29,175	\$29,175	\$0	\$29,175
131 Investments - Unrestricted	\$45,498	\$45,498		\$45,498
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$939	\$939		\$939
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$131,926	\$131,926	\$0	\$131,926
161 Land	\$586,777	\$586,777		\$586,777
162 Buildings	\$2,515,765	\$2,515,765		\$2,515,765
163 Furniture, Equipment & Machinery - Dwellings	\$43,364	\$43,364		\$43,364
164 Furniture, Equipment & Machinery - Administration	\$97,465	\$97,465		\$97,465
165 Leasehold Improvements	\$83,754	\$83,754		\$83,754
166 Accumulated Depreciation	-\$2,056,785	-\$2,056,785		-\$2,056,785
167 Construction in Progress	\$39,103	\$39,103		\$39,103
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,309,443	\$1,309,443	\$0	\$1,309,443
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	\$1,309,443	\$1,309,443	\$0	\$1,309,443
190 Total Assets	\$1,441,369	\$1,441,369	\$0	\$1,441,369

311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$7,624	\$7,624		\$7,624
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$1,956	\$1,956		\$1,956
322 Accrued Compensated Absences - Current Portion	\$624	\$624		\$624
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$9,256	\$9,256		\$9,256
341 Tenant Security Deposits	\$4,390	\$4,390		\$4,390
342 Deferred Revenues	\$4,215	\$4,215		\$4,215
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	\$4,249	\$4,249		\$4,249
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$32,314	\$32,314	\$0	\$32,314
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				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$32,314	\$32,314	\$0	\$32,314
508.1 Invested In Capital Assets, Net of Related Debt	\$1,309,443	\$1,309,443		\$1,309,443
511.1 Restricted Net Assets				
512.1 Unrestricted Net Assets	\$99,612	\$99,612		\$99,612
513 Total Equity/Net Assets	\$1,409,055	\$1,409,055	\$0	\$1,409,055
600 Total Liabilities and Equity/Net Assets	\$1,441,369	\$1,441,369	\$0	\$1,441,369

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: 06/30/2012

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$101,753	\$101,753		\$101,753
70400 Tenant Revenue - Other	\$126	\$126		\$126
70500 Total Tenant Revenue	\$101,879	\$101,879	\$0	\$101,879
70600 HUD PHA Operating Grants	\$168,243	\$168,243		\$168,243
70610 Capital Grants	\$39,103	\$39,103		\$39,103
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	\$424	\$424		\$424
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	\$100	\$100		\$100
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$309,749	\$309,749	\$0	\$309,749
91100 Administrative Salaries	\$33,767	\$33,767		\$33,767
91200 Auditing Fees	\$3,834	\$3,834		\$3,834
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$21,880	\$21,880		\$21,880
91600 Office Expenses	\$8,396	\$8,396		\$8,396
91700 Legal Expense	\$938	\$938		\$938
91800 Travel	\$10,673	\$10,673		\$10,673
91810 Allocated Overhead				
91900 Other	\$13,360	\$13,360		\$13,360
91000 Total Operating - Administrative	\$92,848	\$92,848	\$0	\$92,848
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

93100 Water	\$23,562	\$23,562		\$23,562
93200 Electricity	\$12,097	\$12,097		\$12,097
93300 Gas	\$5,544	\$5,544		\$5,544
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$915	\$915		\$915
93000 Total Utilities	\$42,118	\$42,118	\$0	\$42,118
94100 Ordinary Maintenance and Operations - Labor	\$28,727	\$28,727		\$28,727
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,095	\$17,095		\$17,095
94300 Ordinary Maintenance and Operations Contracts	\$18,053	\$18,053		\$18,053
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,614	\$18,614		\$18,614
94000 Total Maintenance	\$82,489	\$82,489	\$0	\$82,489
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
96110 Property Insurance	\$13,679	\$13,679		\$13,679
96120 Liability Insurance	\$1,252	\$1,252		\$1,252
96130 Workmen's Compensation	\$1,710	\$1,710		\$1,710
96140 All Other Insurance	\$1,149	\$1,149		\$1,149
96100 Total Insurance Premiums	\$17,790	\$17,790	\$0	\$17,790
96200 Other General Expenses				
96210 Compensated Absences	\$4,465	\$4,465		\$4,465
96300 Payments in Lieu of Taxes	\$5,964	\$5,964		\$5,964
96400 Bad debt - Tenant Rents	\$17,472	\$17,472		\$17,472
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$27,901	\$27,901	\$0	\$27,901
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
96900 Total Operating Expenses	\$263,146	\$263,146	\$0	\$263,146
97000 Excess of Operating Revenue over Operating Expenses	\$46,603	\$46,603	\$0	\$46,603
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$83,033	\$83,033		\$83,033
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$346,179	\$346,179	\$0	\$346,179

10010 Operating Transfer In	\$53,912	\$53,912	-\$53,912	\$0
10020 Operating transfer Out	-\$53,912	-\$53,912	\$53,912	\$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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$36,430	-\$36,430	\$0	-\$36,430
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$1,445,485	\$1,445,485		\$1,445,485
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
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	\$72,648	\$72,648		\$72,648
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$49,043	\$49,043		\$49,043
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
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, 2012, and have issued my report thereon dated February 4, 2013, 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 February 4, 2013.

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
February 4, 2013

ROME CITY HOUSING AUTHORITY
Rome City, Indiana

JUNE 30, 2012

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

There were no prior audit findings.

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

February 4, 2013

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, 2012, 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 February 4, 2013 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: BONUSSES**

The Authority Board discussed bonuses on several occasions.

RECOMMENDATION:

Bonuses are not allowed.

2. **CONDITION: DEPOSIT LAG**

The Authority only makes two deposits per month, which creates a deposit lag.

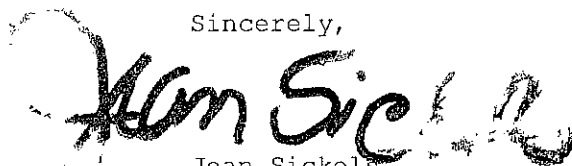
RECOMMENDATION:

The Authority should ensure that deposits are safe guarded.

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,



Jean Sickels
Certified Public Accountant