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April 20, 2020

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

We have reviewed the audit report of the City of Rome City Housing Authority which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of City of Rome City Housing Authority as of June 30, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF ROME CITY

AUDITED FINANCIAL STATEMENTS

Rome City, Indiana

June 30, 2019

Goldie Roberts

Certified Public Accountant

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

HOUSING AUTHORITY
OF THE CITY OF
ROME CITY

Rome City, Indiana
JUNE 30, 2019

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Housing Authority of the City of Rome City ("the Authority") which comprise the Statement of Net Position as of June 30, 2019, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Rome City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Rome City as of January 14, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vii and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 19 through 20 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 14, 2020 on my consideration of the Housing Authority of the City of Rome City'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Rome City's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

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, 2019. 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, all deferred outflows of resources, all liabilities, and all deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. 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 position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2019 was \$1,135,647. The net position increased by \$65,582, an increase of 6.1% over the prior year.
- Revenues for the Authority were \$401,948 for the year ended June 30, 2019. This was an increase of \$100,925 or 33.5% over the prior year.
- Expenses for the Authority were \$336,366 for the year ended June 30, 2019. This was an increase of \$20,303 or 6.4% over the prior year.
- Rental income for the Authority was \$108,737 for the year ended June 30, 2019, an increase of \$15,727 or 16.9% over the prior year.
- Federal operating grants for the Authority was \$292,606 for the year ended June 30, 2019. This was an increase of \$128,541 or 78.3% over 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, 2019

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 Position includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and obligations of the Authority creditors (liabilities and deferred inflows of resources). 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 Position. 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, 2019 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, 2019

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,135,647 at the close of the year ended June 30, 2019, up from \$1,070,065 in fiscal year 2018. The increase in net position of \$65,582 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$124,185 increase in this category, cash increased \$26,129, receivables increased \$98,827, and prepaid expenses decreased \$771.
- Capital assets decreased \$58,302 because current year depreciation exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflow of resources was \$16,388 as of June 30, 2019, a decrease of \$13,847 or 45.8% from FY 2018.
- Current liabilities decreased \$3,946 mainly due to a decrease in accounts payable and other accrued liabilities owed to vendors and contractors of \$4,305 or 75.6%.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 233,631	\$ 109,446	\$ 124,185	113.5%
Capital assets, net	<u>967,148</u>	<u>1,025,450</u>	<u>(58,302)</u>	-5.7%
TOTAL ASSETS	<u>1,200,779</u>	<u>1,134,896</u>	<u>65,883</u>	5.8%
Deferred Outflow of Resources	<u>16,388</u>	<u>30,235</u>	<u>(13,847)</u>	-45.8%
 LIABILITIES				
Current liabilities	19,624	23,570	(3,946)	-16.7%
Noncurrent liabilities	<u>49,257</u>	<u>59,785</u>	<u>(10,528)</u>	-17.6%
TOTAL LIABILITIES	<u>68,881</u>	<u>83,355</u>	<u>(14,474)</u>	-17.4%
Deferred Inflow of Resources	<u>12,639</u>	<u>11,711</u>	<u>928</u>	7.9%
 NET POSITION				
Investment in capital assets	967,148	1,025,450	(58,302)	-5.7%
Unrestricted	<u>168,499</u>	<u>44,615</u>	<u>123,884</u>	277.7%
TOTAL NET POSITION	<u>\$ 1,135,647</u>	<u>\$ 1,070,065</u>	<u>\$ 65,582</u>	6.1%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

FINANCIAL ANALYSIS (CONTINUED)

- Noncurrent liabilities decreased \$10,528 from FY 2018 due to a decrease in net pension liability.
- Deferred inflow of resources was \$12,639 as of June 30, 2019, an increase of \$928 or 7.9% from FY 2018.

The unrestricted net position was \$168,499 as of June 30, 2019. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for seven months. The Authority did not have any net position classified as restricted that is 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 position. The same situation held true for the prior fiscal year.

The largest portion of the Authority's net position 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.

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

As can be seen in the table on the following page, total revenues increased \$100,925 due to the reasons noted below.

- Rental income increased \$15,727 or 16.9% from FY 2018 primarily due to a 2.5% increase in occupancy and an increase in average dwelling rental charge per unit of \$22.26 or 13.6%. The average dwelling rental charge was \$185.66 in FY 2019, up from \$163.39 in FY 2018.
- Of the \$128,541 increase in federal operating grants, public housing operating subsidy decreased \$31,466 or 20.4% and capital fund grants used for operating expenditures increased \$160,007.
- Interest income increased \$375 from FY 2018.
- Capital contributions decreased \$41,556 from FY 2018. 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 \$1,162 from FY 2018. Other income was higher in FY 2018 for payment received for unclaimed property of \$1,112.
- The Authority had a gain on sale of capital assets of \$1,000 in FY 2018.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

FINANCIAL ANALYSIS (CONTINUED)

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

	FY 2019	FY 2018	Dollar Change	Percent Change
REVENUES				
Operating - non-operating - capital contributions:				
Rental income	\$ 108,737	\$ 93,010	\$ 15,727	16.9%
Federal operating grants	292,606	164,065	128,541	78.3%
Interest income	605	230	375	163.0%
Capital fund operating grants	-	41,556	(41,556)	-100.0%
Other income	-	1,162	(1,162)	-100.0%
Gain (loss) on sale of capital assets	-	1,000	(1,000)	-100.0%
TOTAL REVENUES	401,948	301,023	100,925	33.5%
EXPENSES				
Administrative	73,591	69,520	4,071	5.9%
Utilities	52,556	48,973	3,583	7.3%
Ordinary maintenance and operation	91,882	93,849	(1,967)	-2.1%
General expense	56,048	40,780	15,268	37.4%
Depreciation expense	62,289	62,941	(652)	-1.0%
TOTAL EXPENSES	336,366	316,063	20,303	6.4%
CHANGE IN NET POSITION	65,582	(15,040)	80,622	
NET POSITION				
Beginning net position	1,070,065	1,085,105	(15,040)	
Prior period adjustments	-	-	-	
NET POSITION - BEG OF YEAR	1,070,065	1,085,105	(15,040)	
NET POSITION - END OF YEAR	\$ 1,135,647	\$ 1,070,065	\$ 65,582	

Total expenses increased \$20,303 due to the reasons noted below.

- Administrative expense increased \$4,071 or 5.9% from FY 2018 mainly due to an increase in administrative wages and benefits of \$3,931 or 9.4%.
- Of the \$3,583 increase in utilities, water increased \$1,989 or 8.4%, electricity decreased \$1,711 or 8.6%, gas increased \$3,380 or 65.1%, and other utilities decreased \$75 or 17.6%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

FINANCIAL ANALYSIS (CONTINUED)

- Ordinary maintenance and operation decreased \$1,967 or 2.1% due to a decrease in maintenance materials purchased during the year of \$2,469 or 9.7% and a decrease in services contracted for maintenance and repair of \$5,701 or 18.4%. This was partially offset by an increase in maintenance labor and benefits of \$6,203 or 16.5%.
- General expense increased \$15,268 or 37.4% primarily due to a \$22,555 increase in tenant bad debt expense. This was partially offset by a \$2,518 decrease in insurance expense and \$5,269 decrease in payments in lieu of taxes.
- The Authority had a \$652 or 1.0% 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, 2019 was 97.2%, up from 94.8% in FY 2018. The Authority currently has 50 Public Housing units.

CAPITAL ASSETS

Capital Assets - The Housing Authority of the City of Rome City, Indiana's net investment in capital assets, as of June 30, 2019 amounts to \$967,148. 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 5.7% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$3,987 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 \$62,289. The Authority has \$65,687 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	\$1,025,450	\$3,987	\$(62,289)	\$(0)	\$967,148

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2019

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 2020 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

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

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 84,176
Restricted cash and cash equivalents	3,485
Accounts receivable, net	144,408
Prepaid expenses	1,562
Total Current Assets	233,631

Capital Assets

Land and other nondepreciable assets	586,777
Depreciable capital assets, net	380,371
Total Capital Assets	967,148

Total Assets 1,200,779

Deferred outflow of resources

Pension related	<u>16,388</u>
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Total Assets and Deferred Outflow of Resources 1,217,167

LIABILITIES

Current liabilities

Accounts payable	6,769
Accrued liabilities	9,126
Unearned revenue	244
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	<u>3,485</u>
Total Current Liabilities	19,624

Noncurrent liabilities

Net Pension Liability	<u>49,257</u>
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Total Liabilities 68,881

Deferred inflow of resources

Pension related	<u>12,639</u>
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NET POSITION

Investment in capital assets	967,148
Unrestricted	<u>168,499</u>
Total Net Position	\$ <u>1,135,647</u>

The accompanying notes are an integral part of these financial statements

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES

Rental income	\$ 108,737
Other income	0

TOTAL OPERATING REVENUE	108,737
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OPERATING EXPENSES

Administrative	78,673
Utilities	52,556
Ordinary maintenance and operation	91,882
General expense	50,966
Depreciation expense	62,289

TOTAL OPERATING EXPENSES	336,366
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OPERATING INCOME (LOSS)	(227,629)
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NONOPERATING REVENUES

Federal operating grants	292,606
Interest income	605

TOTAL NONOPERATING REVENUES	293,211
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Net income (loss) before capital contributions	65,582
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CAPITAL CONTRIBUTIONS	0
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CHANGE IN NET POSITION	65,582
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TOTAL NET POSITION - BEGINNING OF YEAR	1,070,065
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TOTAL NET POSITION - END OF YEAR	\$ 1,135,647
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The accompanying notes are an integral part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	14,157
Payments to vendors		(177,465)
Payments to employees		(99,787)
Net Cash Used by Operating Activities		<u>(263,095)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		292,606
Net Cash From Noncapital Financing Activities		<u>292,606</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		0
Acquisition and construction of capital assets		(3,987)
Net Cash Flows Provided (Used)		<u>(3,987)</u>
by Capital and Related Financing Activities		<u>(3,987)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		605
Net Cash From Investing Activities		<u>605</u>

Net Increase (Decrease) in Cash and Cash Equivalents 26,129

Cash - Beginning of year 61,532

Cash - End of year \$ 87,661

Reconciliation of Cash

Cash and cash equivalents	\$	84,176
Restricted cash and cash equivalents		3,485
	\$	<u><u>87,661</u></u>

Continued

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

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

Operating income (loss)	\$	(227,629)
Adjustments to reconcile net operating (loss) income to net cash Provided (used) by operating activities:		
Depreciation		62,289
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(98,827)
Prepaid expenses		771
Increase (Decrease) in:		
Accounts payable		3,059
Accrued liabilities		(7,042)
Unearned revenue		37
Pension liabilities		4,247
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(263,095)</u>

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF ROME CITY ("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 Housing Authority of the City of Rome City. 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 Housing Authority of the City of Rome City include the following:

At June 30, 2019, 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.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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.

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

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

Investment in Capital Assets: 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.

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position 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 to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

State statutes authorize the Housing Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by political subdivisions.

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 - Prepaids represent payments made to vendors for services that will benefit beyond June 30, 2019.

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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

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

Capital assets - Capital assets purchased are recorded on the Statement of Net Position 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.

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. 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.

Operating and Non-operating Revenues

The Authority's policy defines operating revenues as rents, excess utilities, and other service charges to tenants. Federal subsidies, capital grants, interest income and unusual revenues are classified as non-operating revenues.

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 allowed.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

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

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.

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 time of purchase. At June 30, 2019, the Authority's deposits and investments 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

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.

Deposits made in accordance with state statute (Indiana Code 5-13) with financial institutions in the State of Indiana should be covered to the extent not covered by insurance of any federal deposit insurance agency.

At June 30, 2019, the carrying amount of the Authority's deposits was \$92,308. 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	\$ 40,454
Certificate of Deposit	<u>47,207</u>
Total	<u>\$ 87,661</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2019, consist of the following:

Tenants, net of allowance of \$21,765	\$ 40,422
Accounts receivable due from HUD	103,954
Accrued Interest	<u>32</u>
Total	<u>\$144,408</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2019, consist of the following:

Prepaid insurance	<u>\$ 1,562</u>
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HOUSING AUTHORITY OF THE CITY OF ROME CITY
Rome City, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 6/30/18	Increases	Decreases	Transfers	Ending Balance 6/30/19
Capital assets, not being depreciated:					
Land	\$ 586,777	\$ 0	\$ 0	\$ 0	\$ 586,777
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>586,777</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>586,777</u>
Capital Assets, being depreciated:					
Buildings & Improvements	2,761,757	3,340	0	0	2,765,097
Furniture, Equipment & Machinery	<u>170,653</u>	<u>647</u>	<u>0</u>	<u>0</u>	<u>171,300</u>
Total Capital Assets, being depreciated	<u>2,932,410</u>	<u>3,987</u>	<u>0</u>	<u>0</u>	<u>2,936,397</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(2,361,702)	(54,008)	0	0	(2,415,710)
Furniture, Equipment and Machinery	<u>(132,035)</u>	<u>(8,281)</u>	<u>0</u>	<u>0</u>	<u>(132,035)</u>
Total Accumulated Depreciation:	<u>(2,493,737)</u>	<u>(62,289)</u>	<u>0</u>	<u>0</u>	<u>(2,556,026)</u>
Total Capital Assets, being depreciated, net	<u>438,673</u>	<u>(58,302)</u>	<u>0</u>	<u>0</u>	<u>380,371</u>
Capital Assets, Net	<u>\$ 1,025,450</u>	<u>\$ (58,302)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 967,148</u>

Depreciation expense of \$62,289 was incurred during the year.

NOTE F - Pension Plan:

Description of Pension Plan

The Housing Authority of the City of Rome City (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE F - Pension Plan: (Continued)

Members include officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit.

A member who is at least 55 years old and shoes age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits described above.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA. Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA provided for the year ended June 30, 2017; however, eligible members received a one-time check in September of 2016.

The PERF Hybrid Plan also provides disability and survivor benefits.

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2016, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended June 30, 2016 was \$14,012. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

NOTE F - Pension Plan: (Continued)

Employer Allocations

Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. The basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined.

At June 30, 2019, the Authority's proportionate share was 0.00357%.

Net Pension Liability

At June 30, 2019, the Authority reported a liability of \$49,257. The proportionate share of the liability as of June 30, 2018 was \$59,785.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, was determined using member census data as of June 30, 2017 and adjusted, as appropriate to reflect changes between June 30, 2018 and June 30, 2017. The valuation results from June 30, 2017 were rolled to June 30, 2018 to reflect benefits accruals during the year less benefits paid. Key methods and assumptions used in calculating the total pension liability are presented below:

Price inflation	2.25%
Cost of Living Increases	1.00%
Salary increases, including wage increases	2.5% to 4.25%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	6.75%

Mortality assumption (healthy) rates were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

Disabled mortality assumption rates were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table with future mortality improvement inherent in the social Security Administration's 2014 Trustee report.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were undated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term expected rate of return of pension plan investments was determined using a building-block approach that considered the target asset allocation from the Board's investment policy and capital market forecasts from various investment professionals.

HOUSING AUTHORITY OF THE CITY OF ROME CITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

NOTE F - Pension Plan: (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Actual Allocations	Target Range
Public equity	23.6%	22.0%
Private equity	12.7%	14.0%
Fixed Income-Ex Inflation-Linked	20.1%	20.0%
Fixed Income - Inflation-Linked	7.3%	7.0%
Real estate	6.5%	7.0%
Commodities	7.9%	8.0%
Absolute Return	9.6%	10.0%
Risk Parity	11.1%	12.0%
Cash Overlay	1.2%	N/A
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$77,539	\$49,257	\$25,673

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

NOTE F - Pension Plan: (Continued)

Pension Expense

For the year ended June 30, 2018, the Housing Authority recognized pension expense of \$7,869, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$644	\$3
Net differences between projected and actual investment earnings on pension plan investments	\$1,459	\$0
Change of Assumptions	\$117	\$7,909
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$3,404	\$4,727
Contributions made after plan year end	\$10,764	\$0
Total	\$16,388	\$12,639

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in 2019:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2019	\$(1,849)
2020	\$(1,501)
2021	\$(2,794)
2022	\$(871)
2023	\$0
Thereafter	\$(7,015)

The information presented above has not been audited.

NOTE G - Accounts Payable:

Accounts payable at June 30, 2019, consist of the following:

Vendors' accounts payable \$ 6,769

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Continued)

NOTE H - Accrued Liabilities:

Accrued liabilities at June 30, 2019, consist of the following:

Accrued payroll	\$ 3,558
Payment in lieu of taxes	<u>5,568</u>
Total	<u>\$ 9,126</u>

NOTE I - Unearned Revenue:

Unearned Revenue at June 30, 2019, consists of the following:

Tenant prepaid rents	<u>\$ 244</u>
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NOTE J - Schedule of Changes in Noncurrent Liabilities:

Noncurrent liabilities at June 30, 2019, consist of the following:

	<u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/31/19</u>	<u>Due within one year</u>	<u>Total</u>
Pension						
Total	<u>\$ 49,257</u>	<u>\$ 10,528</u>	<u>\$ 0</u>	<u>\$ 59,785</u>	<u>\$ 0</u>	<u>\$ 59,785</u>

NOTE K - 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, 2019 were as follows:

Low Rent Public Housing	\$ 122,648
Capital Fund Program	<u>169,958</u>
Total	<u>\$ 292,606</u>

NOTE L- Commitments and Contingencies:

Litigation - At June 30, 2019, 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, 2019.

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(Continued)

NOTE L- Commitments and Contingencies: (Continued)

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, 2019. 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

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 73% 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 - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through January 14, 2020 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Authority's Proportionate Share of the Net Pension Liability

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Housing Authority of the City of Rome City's proportion of the net pension liability	.00151	.00168	.00134	.00145
Housing Authority of the City of Rome City's proportionate share of the net pension liability	\$61,501	\$76,246	\$ 59,785	\$ 49,257
Housing Authority of the City of Rome City's covered employee payroll	\$72,166	\$80,352	\$ 66,647	\$ 71,941
Housing Authority of the City of Rome City's proportionate share of the net pension liability as a percentage of it's covered covered employee payroll	85.22%	94.89%	89.70%	68.47%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/16

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOUSING AUTHORITY OF THE CITY OF ROME CITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$7,166	\$9,190	\$7,344	\$7,720
Contributions in relation to the contractually required contribution	<u>7,166</u>	<u>9,190</u>	<u>7,344</u>	<u>7,720</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Housing Authority of the City of Rome City's covered employee payroll	\$72,166	\$80,352	\$66,647	\$73,941
Contributions as a percentage of covered employee payroll	9.93%	11.44%	11.02%	10.44%

Note: Additional years information will be presented when available.

* The amounts for each fiscal year were determined as of 6/30/16

SUPPLEMENTAL FINANCIAL INFORMATION

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

COMBINING SCHEDULE OF PROGRAM NET POSITION

JUNE 30, 2019

	ACC		Totals
	IN089	IN089	
	Low Income Public Housing	Capital Fund Programs	
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 84,176	\$ 0	\$ 84,176
Restricted cash and cash equivalents	3,485	0	3,485
Accounts receivable, net	144,408	0	144,408
Prepaid expenses	1,562	0	1,562
Total Current Assets	233,631	0	233,631
<u>Capital Assets</u>			
Land and other nondepreciable assets	586,777	0	586,777
Depreciable capital assets, net	380,371	0	380,371
Total Capital Assets	967,148	0	967,148
Total Assets	1,200,779	0	1,200,779
<u>Deferred outflow of resources</u>			
Pension related	16,388	0	16,388
Total Assets and Deferred Outflow of Resources	1,217,167	0	1,217,167
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	6,769	0	6,769
Accrued liabilities	9,126	0	9,126
Unearned revenue	244	0	244
Payable from restricted cash and cash equivalents:			
Tenants security deposits	3,485	0	3,485
Total Current Liabilities	19,624	0	19,624
<u>Noncurrent liabilities</u>			
Net Pension Liability	49,257	0	49,257
Total Liabilities	68,881	0	68,881
<u>Deferred inflow of resources</u>			
Pension related	12,639	0	12,639
<u>NET POSITION</u>			
Investment in capital assets	967,148	0	967,148
Unrestricted	168,499	0	168,499
Total Net Position	\$ 1,135,647	\$ 0	\$ 1,135,647

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

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Annual Contributions Contracts</u>		
	<u>IN089</u>	<u>IN089</u>	
	Low Income Public Housing	Capital Fund Program	
<u>OPERATING REVENUES</u>			
Rental income	\$ 108,737	\$ 0	\$ 108,737
Other income	0	0	0
TOTAL OPERATING REVENUE	108,737	0	108,737
<u>OPERATING EXPENSES</u>			
Administrative	78,673	0	78,673
Utilities	52,556	0	52,556
Ordinary maintenance and operation	91,882	0	91,882
General expense	50,966	0	50,966
Depreciation expense	62,289	0	62,289
TOTAL OPERATING EXPENSES	336,366	0	336,366
 OPERATING INCOME (LOSS)	 (227,629)	 0	 (227,629)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	122,648	169,958	292,606
Interest income	605	0	605
TOTAL NONOPERATING REVENUES	123,253	169,958	293,211
 Net income (loss) before capital contributions	 (104,376)	 169,958	 65,582
Operating transfers	169,958	(169,958)	0
CHANGE IN NET POSITION	65,582	0	65,582
 TOTAL NET POSITION - BEGINNING OF YEAR	 1,070,065	 0	 1,070,065
 TOTAL NET POSITION - END OF YEAR	 \$ 1,135,647	 \$ 0	 \$ 1,135,647

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

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETE
FOR THE YEAR ENDED JUNE 30, 2019

Annual Contributions Contract IN089

1. The Capital Fund Grant Costs were as follows:

	<u>501-17</u>
Funds Approved	\$ 56,418
Funds Expended	<u>56,418</u>
Excess/(Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 56,418
Funds Expended	<u>56,418</u>
Excess/(Deficiency) of Funds Advanced	<u>\$ 0</u>

2. Cost additions totaling \$ 56,418 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs are in agreement with the Authority records and were approved by HUD.
4. All capital fund grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$84,176	\$84,176		\$84,176
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$3,485	\$3,485		\$3,485
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$87,661	\$87,661		\$87,661
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$103,954	\$103,954		\$103,954
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$62,187	\$62,187		\$62,187
126.1 Allowance for Doubtful Accounts - Tenants	-\$21,765	-\$21,765		-\$21,765
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	\$32	\$32		\$32
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$144,408	\$144,408		\$144,408
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$1,562	\$1,562		\$1,562
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$233,631	\$233,631		\$233,631
161 Land	\$586,777	\$586,777		\$586,777
162 Buildings	\$2,674,634	\$2,674,634		\$2,674,634
163 Furniture, Equipment & Machinery - Dwellings	\$48,623	\$48,623		\$48,623
164 Furniture, Equipment & Machinery - Administration	\$122,677	\$122,677		\$122,677
165 Leasehold Improvements	\$90,463	\$90,463		\$90,463
166 Accumulated Depreciation	-\$2,556,026	-\$2,556,026		-\$2,556,026
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$967,148	\$967,148		\$967,148
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	\$967,148	\$967,148		\$967,148
200 Deferred Outflow of Resources	\$16,388	\$16,388		\$16,388
290 Total Assets and Deferred Outflow of Resources	\$1,217,167	\$1,217,167		\$1,217,167
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$6,769	\$6,769		\$6,769
313 Accounts Payable >90 Days Past Due				

321	Accrued Wage/Payroll Taxes Payable	\$3,558	\$3,558	\$3,558
322	Accrued Compensated Absences - Current Portion			
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$5,568	\$5,568	\$5,568
341	Tenant Security Deposits	\$3,485	\$3,485	\$3,485
342	Unearned Revenue	\$244	\$244	\$244
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$19,624	\$19,624	\$19,624
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	\$49,257	\$49,257	\$49,257
350	Total Non-Current Liabilities	\$49,257	\$49,257	\$49,257
300	Total Liabilities	\$68,881	\$68,881	\$68,881
400	Deferred Inflow of Resources	\$12,639	\$12,639	\$12,639
508.4	Net Investment in Capital Assets	\$967,148	\$967,148	\$967,148
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$168,499	\$168,499	\$168,499
513	Total Equity - Net Assets / Position	\$1,135,647	\$1,135,647	\$1,135,647
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,217,167	\$1,217,167	\$1,217,167

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$108,237	\$108,237		\$108,237
70400 Tenant Revenue - Other	\$500	\$500		\$500
70500 Total Tenant Revenue	\$108,737	\$108,737	\$0	\$108,737
70600 HUD PHA Operating Grants	\$292,606	\$292,606		\$292,606
70610 Capital Grants				
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	\$605	\$605		\$605
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				
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$401,948	\$401,948	\$0	\$401,948
91100 Administrative Salaries	\$35,016	\$35,016		\$35,016
91200 Auditing Fees	\$7,887	\$7,887		\$7,887
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$10,938	\$10,938		\$10,938
91600 Office Expenses	\$12,142	\$12,142		\$12,142
91700 Legal Expense				
91800 Travel	\$1,109	\$1,109		\$1,109
91810 Allocated Overhead				
91900 Other	\$6,499	\$6,499		\$6,499
91000 Total Operating - Administrative	\$73,591	\$73,591	\$0	\$73,591
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	\$25,551	\$25,551		\$25,551
93200 Electricity	\$18,083	\$18,083		\$18,083
93300 Gas	\$8,572	\$8,572		\$8,572
93400 Fuel				
93500 Labor				
93600 Sewer	\$350	\$350		\$350
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$52,556	\$52,556	\$0	\$52,556

94100 Ordinary Maintenance and Operations - Labor	\$33,954	\$33,954		\$33,954
94200 Ordinary Maintenance and Operations - Materials and Other	\$22,893	\$22,893		\$22,893
94300 Ordinary Maintenance and Operations Contracts	\$25,293	\$25,293		\$25,293
94500 Employee Benefit Contributions - Ordinary Maintenance	\$9,742	\$9,742		\$9,742
94000 Total Maintenance	\$91,882	\$91,882	\$0	\$91,882
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	\$16,946	\$16,946		\$16,946
96120 Liability Insurance	\$2,037	\$2,037		\$2,037
96130 Workmen's Compensation	\$2,072	\$2,072		\$2,072
96140 All Other Insurance	\$925	\$925		\$925
96100 Total insurance Premiums	\$21,980	\$21,980	\$0	\$21,980
96200 Other General Expenses				
96210 Compensated Absences	\$5,082	\$5,082		\$5,082
96300 Payments in Lieu of Taxes	\$581	\$581		\$581
96400 Bad debt - Tenant Rents	\$28,405	\$28,405		\$28,405
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$34,068	\$34,068	\$0	\$34,068
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	\$274,077	\$274,077	\$0	\$274,077
97000 Excess of Operating Revenue over Operating Expenses	\$127,871	\$127,871	\$0	\$127,871
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$62,289	\$62,289		\$62,289
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$336,366	\$336,366	\$0	\$336,366
10010 Operating Transfer In	\$169,958	\$169,958	-\$169,958	\$0
10020 Operating transfer Out	-\$169,958	-\$169,958	\$169,958	\$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	\$65,582	\$65,582	\$0	\$65,582

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,070,065	\$1,070,065	\$1,070,065
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance			
11050 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	583	583	583
11270 Excess Cash	\$189,190	\$189,190	\$189,190
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$3,340	\$3,340	\$3,340
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$648	\$648	\$648
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

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

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue, and gains and losses on the disposal of capital assets in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

Goldie Roberts

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*

Independent Auditor's Report

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

I have audited, in accordance with the 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, the financial statements of the Housing Authority of the City of Rome City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Rome City's basic financial statements and have issued my report thereon dated January 14, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Rome City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Housing Authority of the City of Rome City's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Rome City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, 2019-002, and 2019-003 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Rome City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed 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 Housing Authority of the City of Rome City in a separate letter dated January 14, 2020.

Response to Findings

Response to findings identified in our audit is described in the accompanying schedule of findings and responses. The Housing Authority of the City of Rome City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose Of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 14, 2020

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

JUNE 30, 2019

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

There were no prior audit findings.

CURRENT AUDIT FINDINGS

2019-001

Board Approval for Write off's of Tenant Accounts Receivable.

CURRENT

CONDITION: The Authority did not submit the Tenant Accounts Receivable to the Board for review and approval before writing them off. The amount of the write off is \$28,405.

CRITERIA: The housing authority is required to have a board resolution in the minutes for all write off's.

CAUSE: The Authority personnel did not document any type of board approval.

EFFECT: The board has not monitored this process.

RECOMMENDATION: The Authority should document the write offs and provide supporting documentation to the board members and ask for a board resolution before writing off the amounts.

VIEWS OF RESPONSIBLE OFFICIALS:

We will provide a list to the board and document the resolution in the minutes.

DISCUSSED WITH: Executive Director, January 14, 2020

2019-002

Tenant Accounts Receivable collection procedures.

CURRENT

CONDITION: The Authority did not make timely deposits of the Tenant Accounts Receivable payments. In the months sampled weekly deposits were not made. In one of the months all the deposits were made on one day.

CRITERIA: The housing authority policies and procedures require deposits to be at least weekly.

CAUSE: The Authority personnel did not comply with the policy.

EFFECT: The board has not monitored this process.

RECOMMENDATION: The Authority should make regular deposits.

VIEWS OF RESPONSIBLE OFFICIALS:

In the future we will ensure that deposits are made on a more timely basis.

DISCUSSED WITH: Executive Director, January 14, 2020

2019-003

Checks are not clearing for 3 - 4 months.

CURRENT

CONDITION: In the months sampled and at year end the Authority has checks that did not clear for 3 or 4 months.

CRITERIA: The housing authority is required to make timely payments to the vendors.

CAUSE: The cause is not known.

EFFECT: The vendors are not recording payment on a timely basis.

RECOMMENDATION: The Authority needs to find out why this is happening and resolve the situation.

VIEWS OF RESPONSIBLE OFFICIALS:

We will try to determine the cause for the delays.

DISCUSSED WITH: Executive Director, January 14, 2020

Commissioners
DAVID NORTH
NANCY SHAMBAUGH
ED KOLBERG
SHARON OLIVER



ROME CITY HOUSING AUTHORITY

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Commissioners
JOHN EDWARDS
VIRGIL JACKSON
SUE EMERSON

Executive Director
CARA BABYAK-SISSON

January 31, 2020

Indiana State Board of Accounts
302 W. Washington St., Suite E418
Indianapolis, IN 46204

Re: Rome City Housing Authority
Corrective Action Plan for Audit Year Ending 06/30/2019

To Whom It May Concern:

The Rome City Housing Authority has contracted with David DeVaughn & Associates to address the Audit Findings.

Finding 2019 – 001 Board Approval of Write-offs for Tenant Accounts Receivables

Step 1: A standard and simple RCHA policy for write-offs will be developed. This will be signed by all of the Board and myself. It will become the standard policy and it will resolve any confusion related to this issue.

Step 2: An Excel@ spreadsheet will be developed for tracking Tenant Accounts Receivables. This simple-to-use spreadsheet will contain all of the necessary information for tracking our Tenant Accounts Receivables. It will be reviewed at every Board meeting so the Board is always aware of what is happening.

Step 3: A standard Board Resolution form will be developed (using MS Word@)that can be used to get Board approval for all write-offs.

Cara Babyak-Sisson with the guidance of David DeVaughn and the Board will have this implemented by March 10, 2020.

Finding 2019 – 002 Tenant Account Receivables Procedures

Step 1: A HUD-approved Tenant Account Receivables Procedures will be discussed with the Board and approved by the Board.

Step 2: Copies of the Board-approved document will be provided to all of the tenants. This step will reduce confusion and assure compliance with HUD procedures.

Cara Babyak-Sisson with the guidance of David DeVaughn and the Board will have this implemented by March 10, 2020.

Finding 2019 – 003 Checks Are Not Clearing for 3 – 4 Months

Step 1: The receivable/payables process will be standardized. Excel@ spreadsheets will be used for tracking all of the money in and out. A Board Resolution will be submitted to the Board to approve the tracking methods.

Step 2: Rather than sign checks at Board meetings, a board member will come in the office one day a week to sign checks (like every Monday for example). These signed checks will then be put in the mail that same day. The progress will be tracked on another Excel@ Spreadsheet.

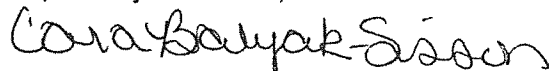
Step 3: The Board will approve a standard policy for depositing money from Tenant Account Receivables. A policy will be implemented that requires all cash collected to be deposited the same day (next day at the latest).

We will document this on another Excel@ spreadsheet. The Rome City Housing Authority has had Campbell and Fetter Bank install a check scanner that also does deposits. This was implemented on January 21, 2020.

Step 4: The payment process for accounts payable will be improved. A board resolution of this process will be approved. This policy will be included in all of the labor and materials contract documents so that our vendors and suppliers are fully aware of the when they can expect payment for the work that they completed.

Cara Babyak-Sisson with the guidance of David DeVaughn and the Board will have this implemented by March 10, 2020.

Respectfully submitted,



Cara Babyak-Sisson
Executive Director
Rome City Housing Authority

Cc: David DeVaughn, Consultant
Goldie Roberts, CPA
Audit File