



STATE OF INDIANA
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July 21, 2016

Board of Commissioners
Rockville Housing Authority
107 W High St,
Rockville, IN 47872

We have reviewed the audit report prepared by Pamela J. Simpson, CPA, for the period October 1, 2014 to September 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Rockville Housing Authority, as of September 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' 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

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2015

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

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Independent Auditor's Report

Board of Directors
Rockville Housing Authority
Rockville, Indiana

I have audited the accompanying financial statements of the Rockville Housing Authority, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Rockville Housing Authority's basic 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 of 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 Rockville Housing 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 Rockville Housing 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 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 net position of the Rockville Housing Authority, as of September 30, 2015 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on 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 basic financial statements, and other knowledge I obtained during my audit of the basic 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.

Report on Supplemental Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockville Housing Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 22 to 26 are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 2, 2016 on my consideration of the Rockville Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, 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. This report is an integral part of a *Government Auditing Standards* and should be considered in assessing the results of my audit.



Certified Public Accountant

Decatur, Illinois
June 2, 2016

HOUSING AUTHORITY OF THE CITY OF ROCKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

As management of the Housing Authority of the City of Rockville, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended (FYE) September 30, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$59,090 (net position).

The Authority's cash balance at September 30, 2015, was \$57,431 representing a decrease of \$31,923 from September 30, 2014.

The Authority had operating revenues of \$463,850, Department of Housing and Urban Development (HUD) grants of \$463,842, and interest income of \$8 for the year ended September 30, 2015.

As of September 30, 2015, the Authority's investment in capital assets was \$1,950 (net of accumulated depreciation). This investment includes building improvements and equipment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

FUTURE EVENTS (NEW BUSINESS)

The Authority no longer submits an estimated operating budget to HUD. HUD will determine total operating revenues for the Housing Choice Voucher Program.

**HOUSING AUTHORITY OF THE CITY OF ROCKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2015

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position

Total Current Assets for FYE 2015 were \$57,431, and at FYE 2014, the amount was \$89,354. This represents a decrease of \$31,923.

Net Capital Assets increased \$1,793 from \$157 at FYE 2014 to \$1,950 at FYE 2015.

Revenues decreased by \$12,916. At FYE 2015 and FYE 2014, total revenues were \$463,850 and \$450,934 respectively.

Total Expenses increased by \$24,683. Total expenses were \$493,171 in FYE 2015 and \$468,488 in FYE 2014.

	<u>2015</u>	<u>2014</u>	<u>Variance</u>	<u>Percentage Change</u>
Cash	57,431	89,354	(31,923)	-36%
Other Current Assets	0	0	0	0%
Capital Assets	1,950	157	1,793	1142%
Total Assets	59,381	89,511	(30,130)	-34%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	59,381	89,511	(30,130)	-34%
Current Liabilities	291	1,100	(809)	0%
Noncurrent Liabilities	0	0	0	0%
Total Liabilities	291	1,100	(809)	-74%
Deferred Inflows of Resources	0	0	0	0%
Net Investment in Capital Assets	1,950	157	1,793	1142%
Restricted	2,353	13,355	(11,002)	-82%
Unrestricted	54,787	74,899	(20,112)	-27%
Total Net Position	59,090	88,411	(29,321)	-33%
TOTAL	59,381	89,511	(30,130)	-34%

**HOUSING AUTHORITY OF THE CITY OF ROCKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2015

Analysis of Entity Wide Revenues

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2014 were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Section 8 Housing Choice Vouchers	\$463,850

Total revenues for Fiscal Year Ending September 30, 2015 were \$463,850 as compared to the total revenues for Fiscal Year Ending September 30, 2014 of \$450,934.

	2015	2014	Net Change	Percentage Change
HUD Operating Grants	463,842	450,922	12,920	3%
Investment Income	8	12	-4	-33%
Total Revenue	<u>463,850</u>	<u>450,934</u>	<u>12,916</u>	<u>3%</u>

Analysis of Entity Wide Expenditures

Total Expenditures for Fiscal Year Ending September 30, 2015 were \$493,171 as compared to \$468,488 of total expenditures for Fiscal Year Ending September 30, 2014. Changes by major expense category will be presented below.

Administrative expenditures increased by \$9,995 or 19%.

Housing Assistance Payments increased by \$11,924 or 3%.

The table below illustrates our analysis:

	2015	2014	Net Change	Percent Variances
Administrative	61,732	51,737	9,995	19%
General Expense	5,332	2,489	2,843	114%
Housing Assistance Payments	425,833	413,909	11,924	3%
Depreciation Expense	274	353	-79	-22%
Total Expenses	<u>\$493,171</u>	<u>\$468,488</u>	<u>\$24,683</u>	<u>5%</u>

HOUSING AUTHORITY OF THE CITY OF ROCKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2015

Analysis of Capital Asset Activity

Equipment & Furniture there was an increase of \$2,067.

Accumulated Depreciation increased by \$274. This is the amount of current year depreciation expense.

	2015	2014	Net Change	Percent Variance
Equipment and Furniture	21,071	19,004	2,067	10.9%
Total Fixed Assets	21,071	19,004	2,067	10.9%
Accumulated Depreciation	19,121	18,847	274	1.5%
Net Fixed Assets	1,950	157	1,793	1142.0%

Additional information on Capital Assets can be found in the "Notes to Financial Statements" of this report.

Outstanding Debt Activity

The accounts payable for the Authority were \$291 for FYE 2015. This amount was a decrease of \$809 from FYE 2014.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Rockville, 105 W High Street, Rockville, Indiana 47872.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
AT SEPTEMBER 30, 2015**

ASSETS

Cash - operating	\$	55,078
Cash - restricted		2,353

Capital assets:

Land, land improvements and construction in progress	\$	0
Other assets, net of depreciation		<u>1,950</u>

Total Capital Assets	\$	<u>1,950</u>
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Total Assets	\$	<u>59,381</u>
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<u>DEFERRED OUTFLOWS OF RESOURCES</u>	\$	<u>0</u>
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TOTAL	\$	<u><u>59,381</u></u>
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LIABILITIES

Accounts payable	\$	<u>291</u>
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Total Liabilities	\$	<u>291</u>
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<u>DEFERRED INFLOWS OF RESOURCES</u>	\$	<u>0</u>
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NET POSITION

Net investment in capital assets	\$	1,950
Restricted		2,353
Unrestricted		<u>54,787</u>

Total Net Position	\$	<u>59,090</u>
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TOTAL	\$	<u><u>59,381</u></u>
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**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Operating Income

HUD grants - operating	\$ 463,842
Total Operating Income	<u>\$ 463,842</u>

Operating Expenses

Administration	\$ 61,732
General expense	5,332
Housing assistance payments	425,833
Depreciation	<u>274</u>
Total Operating Expenses	<u>\$ 493,171</u>
Net Operating Income (Loss)	\$ -29,329

Nonoperating Income (Expense)

Interest income	<u>8</u>
Changes in net position	\$ -29,321
Net position, beginning of year	<u>88,411</u>
Net position, end of year	<u><u>\$ 59,090</u></u>

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Operating Activities

Operating grants	\$ 463,842
Housing assistance payments	-425,833
Payments to employees	-35,960
Payments to suppliers and contractors	<u>-31,913</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -29,864</u>

Investing Activities

Interest income	<u>\$ 8</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 8</u>

Capital and Related Financing Activities

Additions (deletions) to fixed assets	<u>\$ -2,067</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ -2,067</u>

Net Change in Cash	\$ -31,923
Cash Balance at September 30, 2014	<u>89,354</u>
Cash Balance at September 30, 2015	<u><u>\$ 57,431</u></u>

The notes to financial statements are an integral part of this statement.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided (Used) by Operating Activities</u>	
Net operating income (loss)	\$ -29,329
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	274
Increase (decrease) in accounts payable	<u>-809</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -29,864</u>

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Rockville Housing Authority was established by the Town of Rockville pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the Town of Rockville and concluded that the Town of Rockville does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the Mayor, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the Town government. Debt incurred by the Authority is not an obligation of the Town; the Town does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

The Authority is governed by a Board of Commissioners appointed by the office of the Mayor, and has governance responsibilities over all activities related to all housing activities within the City. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Mayor, i.e. they can only be removed for cause. The Authority's Board elects its own chairperson.

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Rockville Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

Although a formal policy has not been adopted, in financial statement preparation the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- * Section 8 Housing Choice Vouchers
- * Business Activities

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Net Investment in Capital Assets, Restricted and Unrestricted.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows the policy states the Housing Authority considers all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of six (6) months or less when purchased to be cash equivalents.

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Capital Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the initial cost of a piece of equipment and/or other personal property is five hundred dollars (\$500) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

- 1) nonexpendable equipment, and
- 2) property betterments and additions

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Equipment	7	years
Transportation equipment	7	years
Furniture and fixtures	3-7	years
Leasehold improvements	15-20	years

(h) Net Position -

GASB Statement 63 requires the classification of net position into three components as defined below:

- 1) Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction or improvement of those assets.
- 2) Restricted - restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) Unrestricted - amounts not required to be reported in the other components of net position.

(i) Income Tax -

The Authority, organized under Indiana state law as a political subdivision subsidized by the Federal government, is exempt from Federal and State income taxes.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(j) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

(k) The Housing Authority adopts an internal budget annually.

(l) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of the depository financial institutions. The deposits exceeding the insured or registered limits are public funds covered by the State of Indiana Public Deposit Fund.

Custodial Credit Risk

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 2 - Cash and Investments

Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Urban Development regulations.

Concentrations of Credit Risk is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

Investment Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Section 8 Housing Choice Vouchers	\$ 6,647	\$ 8,003
Business Activities	<u>50,784</u>	<u>50,784</u>
Total	<u>\$ 57,431</u>	<u>\$ 58,787</u>

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 3 - Compensated Absences

All full-time personnel will earn vacation days at the rate of one week after the first year of employment, two weeks after the second year of employment and three weeks after the third year of employment. Maximum accumulation of vacation leave is three weeks. Upon termination of employment, an employee shall be compensated for the unused portion of earned vacation which the employee is eligible to use and earned vacation in the year of termination which has not been used. Compensation for unused vacation earned during the year of termination will be on a prorated basis. One paid sick day per month will be allowed. No payments shall be made in lieu of unused sick leave. Sick days which are unused are not carried over from year to year.

The estimated portion of the liability for vested vacation and sick leave benefits attributable to the Housing Authority is recorded as an expenditure and liability in each of the respective programs.

Note 4 - Post-Employment Benefits

The Housing Authority does not provide post employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

Note 5 - Capital Assets

Balance as of September 30, 2015	\$ 1,950
Balance as of September 30, 2014	<u>157</u>
Net Increase (Decrease)	<u>\$ 1,793</u>

Reconciliation

Replacement of equipment	\$ 2,067
Current year depreciation expense	<u>-274</u> *
Net Increase (Decrease)	<u>\$ 1,793</u>

<u>Analysis</u>	<u>10/01/2014 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>09/30/2015 Balance</u>
Equipment and furniture	<u>\$ 19,004</u>	<u>\$ 2,067</u>	<u>\$ 0</u>	<u>\$ 21,071</u>
Accumulated depreciation	<u>-18,847</u>	<u>0</u>	<u>274</u> *	<u>-19,121</u>
Net Capital Assets	<u>\$ 157</u>	<u>\$ 2,067</u>	<u>\$ 274</u>	<u>\$ 1,950</u>

*Current year depreciation expense recognized.

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2015
(CONTINUED)**

Note 6 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	<u>\$ 291</u>
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Note 7 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. The fee is calculated by HUD on a quarterly/annual basis.

Note 8 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development. The programs are subject to audit by agents of HUD, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 9 - Risk Management

The Housing Authority carries commercial insurance coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

Settled claims have not exceeded insurance coverage or risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Note 10 - Economic Dependency

The Housing Authority received most of its revenue (99.9%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 11 - Restricted Net Position

Restricted net position is restricted for the following:

HAP	<u>\$ 2,353</u>
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When both restricted and unrestricted reserves are available for use, the Housing Authority's policy is to use restricted resources to fund restricted costs and then unrestricted resources as they are needed.

SUPPLEMENTAL DATA

**ROCKVILLE HOUSING AUTHORITY
ROCKVILLE, INDIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Section 8 Housing Choice Vouchers	14.871	C-2043V	FYE 09/30/15	\$ 463,842	\$ 463,842	\$ 463,842
Total Housing Assistance				<u>\$ 463,842</u>	<u>\$ 463,842</u>	<u>\$ 463,842</u>

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED SEPTEMBER 30, 2015**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Rockville Housing Authority (Authority) and is presented on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's consolidated financial statements.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended September 30, 2015. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended September 30, 2015, and should be read in conjunction with the Authority's consolidated financial statements.

Note 2 – Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.



**Independent Auditor's 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
Rockville Housing Authority
Rockville, Indiana

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 Rockville Housing Authority, which comprise the statement of net position as of September 30, 2015, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Rockville Housing Authority's basic financial statements and have issued my report thereon dated June 2, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Rockville Housing Authority'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 Rockville Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Rockville Housing Authority'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 Rockville Housing Authority'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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rockville Housing Authority'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*.

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 Rockville Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rockville Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois
June 2, 2016

Rockville Housing Authority (IN048)

Rockville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	\$4,294	\$50,784	\$55,078	\$55,078
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$2,353		\$2,353	\$2,353
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$6,647	\$50,784	\$57,431	\$57,431
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$6,647	\$50,784	\$57,431	\$57,431
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$14,560	\$6,511	\$21,071	\$21,071
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$14,470	-\$4,651	-\$19,121	-\$19,121
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$90	\$1,860	\$1,950	\$1,950
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	\$90	\$1,860	\$1,950	\$1,950
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$6,737	\$52,644	\$59,381	\$59,381

Rockville Housing Authority (IN048)

Rockville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$291		\$291	\$291
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
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				
341 Tenant Security Deposits				
342 Unearned Revenue				
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	\$291	\$0	\$291	\$291
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	\$291	\$0	\$291	\$291
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$90	\$1,860	\$1,950	\$1,950
511.4 Restricted Net Position	\$2,353		\$2,353	\$2,353
512.4 Unrestricted Net Position	\$4,003	\$50,784	\$54,787	\$54,787
513 Total Equity - Net Assets / Position	\$6,446	\$52,644	\$59,090	\$59,090
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,737	\$52,644	\$59,381	\$59,381

Rockville Housing Authority (IN048)
Rockville, IN
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$463,842		\$463,842	\$463,842
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				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$2	\$6	\$8	\$8
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	\$463,844	\$6	\$463,850	\$463,850
91100 Administrative Salaries	\$35,960		\$35,960	\$35,960
91200 Auditing Fees	\$2,885		\$2,885	\$2,885
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$2,751		\$2,751	\$2,751
91600 Office Expenses	\$4,910	\$12,188	\$17,098	\$17,098
91700 Legal Expense				
91800 Travel	\$403		\$403	\$403
91810 Allocated Overhead				
91900 Other	\$918	\$1,717	\$2,635	\$2,635
91000 Total Operating - Administrative	\$47,827	\$13,905	\$61,732	\$61,732
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

Rockville Housing Authority (IN048)
 Rockville, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
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		\$1,000	\$1,000	\$1,000
96120 Liability Insurance		\$1,000	\$1,000	\$1,000
96130 Workmen's Compensation		\$1,637	\$1,637	\$1,637
96140 All Other Insurance		\$1,370	\$1,370	\$1,370
96100 Total insurance Premiums	\$0	\$5,007	\$5,007	\$5,007
96200 Other General Expenses		\$325	\$325	\$325
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$325	\$325	\$325
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	\$47,827	\$19,237	\$67,064	\$67,064
97000 Excess of Operating Revenue over Operating Expenses	\$416,017	-\$19,231	\$396,786	\$396,786

Rockville Housing Authority (IN048)
 Rockville, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$425,833		\$425,833	\$425,833
97350 HAP Portability-In				
97400 Depreciation Expense	\$67	\$207	\$274	\$274
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$473,727	\$19,444	\$493,171	\$493,171
10010 Operating Transfer In				
10020 Operating transfer Out				
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	-\$9,883	-\$19,438	-\$29,321	-\$29,321
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$16,329	\$72,082	\$88,411	\$88,411
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
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	\$4,093		\$4,093	\$4,093
11180 Housing Assistance Payments Equity	\$2,353		\$2,353	\$2,353
11190 Unit Months Available	1596		1596	1596
11210 Number of Unit Months Leased	1286		1286	1286
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				