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August 12, 2016

Board of Commissioners
Housing Authority of the City of Rockport
PO Box 173
Rockport, IN 47635

We have reviewed the audit report prepared by Goldie Roberts, 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 Auditor's Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Rockport 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 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 ROCKPORT

AUDITED FINANCIAL STATEMENTS

Rockport, Indiana
September 30, 2015

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
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HOUSING AUTHORITY
OF THE CITY OF ROCKPORT

Rockport, Indiana
September 30, 2015

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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 Rockport
601 Washington St
Rockport, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of The City of Rockport ("the Authority") which comprise the Statement of Net Position as of September 30, 2015, 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 Rockport'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 Rockport as of September 30, 2015, 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 v 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 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 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 information 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 April 1, 2016 on my consideration of the Housing Authority of The City of Rockport's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Rockport's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
April 1, 2016

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

The management of the Housing Authority of Rockport presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending 09/30/2015. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$1,035,131 at the close of the fiscal year ended 09/30/2015.

Of this amount, \$203,013 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 24% of the total operating expenses for the fiscal year 2015, which means the Authority could operate about 3 months using the unrestricted assets alone.

The remainder of \$832,118 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.

- The Authority spent \$15,833 on capital assets additions and renovation construction in progress during the current fiscal year.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

REPORTING ON THE HOUSING AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is, "is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2015?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(Continued)

FUND FINANCIAL STATEMENTS

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For reporting purposes all housing funds are reported in one housing enterprise fund.

The Housing Authority's financial statements report its net position and changes in them. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant two programs, the Low Rent Housing Program and Public Housing Capital Fund Program.

The Housing Authority's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of the report.

REPORTING THE HOUSING AUTHORITY'S MOST SIGNIFICANT FUNDS

The Housing Authority's financial statements provide detailed information about the most significant programs. Some programs are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other programs to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach or Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net position, is an important financial indicator.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(Continued)

FINANCIAL ANALYSIS

The Housing Authority's net position was \$1,035,131 as of September 30, 2015. Of this amount, \$832,118 was invested in capital assets, and the remaining \$203,013 was unrestricted. No other assets are currently restricted.

**CONDENSED FINANCIAL STATEMENTS COMPARING
FYE 9/30/2014 WITH FYE 9/30/2015**

Condensed Balance Sheet

	As of 09/30/2015	As of 09/30/2014
ASSETS		
Current Assets \$	405,506	\$ 367,016
Capital Assets, Net of Depreciation	<u>832,118</u>	<u>1,004,835</u>
Total Assets	<u>1,237,624</u>	<u>1,371,851</u>
Deferred Outflows of Resources	<u>51,143</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,288,767</u>	<u>\$ 1,371,851</u>
LIABILITIES		
Current Liabilities	\$ 64,071	\$ 61,675
Non-Current Liabilities	<u>166,603</u>	<u>8,392</u>
Total Liabilities	<u>230,674</u>	<u>70,067</u>
Deferred Inflows of Resources-Pension	<u>22,962</u>	<u>0</u>
NET POSITION		
Investment in Capital Assets	832,118	1,004,835
Unrestricted	<u>203,013</u>	<u>296,949</u>
Total Net Position	<u>1,035,131</u>	<u>1,301,784</u>
Total Liabilities and Net Position	<u>\$ 1,288,767</u>	<u>\$ 1,371,851</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(Continued)

CONDENSED FINANCIAL STATEMENTS (Continued)

Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Fiscal Year Ended September 30, 2015

	FYE 09/30/2015	FYE 09/30/2014
OPERATING REVENUES		
Rental Revenue	\$ 352,755	\$ 347,220
Other Tenant Revenue	<u>36,128</u>	<u>7,920</u>
Total Operating Revenues	<u>388,883</u>	<u>355,140</u>
OPERATING EXPENSES		
Administration	193,006	173,817
Tenant Services	4,407	5,137
Utilities	143,520	149,999
Ordinary maintenance and operations	242,271	243,998
General and Other	79,782	64,657
Depreciation	<u>188,550</u>	<u>188,166</u>
Total Operating Expenses	<u>851,536</u>	<u>825,774</u>
Operating income (loss)	<u>(462,653)</u>	<u>(470,634)</u>
NON-OPERATING REVENUES		
Federal Grants – Operating	291,696	260,820
Federal Grants – Capital	10,645	177,010
Interest Income and Other Revenue	<u>353</u>	<u>32,274</u>
Total Non-Operating Revenue	<u>302,694</u>	<u>470,104</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>(159,959)</u>	<u>(530)</u>
NET POSITION, Beginning of Year	1,301,784	1,302,314
Change in accounting principle	<u>(106,694)</u>	<u>0</u>
NET POSITION, End of Year	<u>\$ 1,035,131</u>	<u>\$ 1,301,784</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(Continued)

Compared with the prior fiscal year, total tenant revenues increased \$1,822

Federal funding decreased by \$135,489.

Another factor affecting the financial statement is recording of Net Pension Liability.

These changes led to a decrease in Total Net Position to 1,035,131. With these changes, there is still over \$1.60 of current assets covering each dollar of liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for September 30, 2015 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability or the money it receives. If you have questions about this report, or wish to request additional financial information, contact Helen Garrett, Executive Director, Rockport Housing Authority, Box 173, Rockport, IN 47635.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 347,463
Accounts receivable, net	4,386
Prepaid expenses	35,307
Inventory, net	18,350

Total Current Assets 405,506

Capital Assets

Land and other nondepreciable assets	164,342
Depreciable capital assets, net	667,776
Total Capital Assets	<u>832,118</u>

Total Assets 1,237,624

Deferred outflow of resources

Pension related	51,143
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Total Assets and Deferred Outflow of Resources 1,288,767

LIABILITIES AND EQUITY

Current liabilities

Accounts payable	32,920
Accrued liabilities	7,308
Unearned revenue	7,826
Payable from restricted cash and cash equivalents:	
Tenants security deposits	16,017
Total Current Liabilities	<u>64,071</u>

Noncurrent liabilities

Accrued compensated absences	10,204
Net Pension Liability	156,399
Noncurrent Liabilities	<u>166,603</u>

Total Liabilities 230,674

Deferred inflow of resources

Pension related	22,962
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Net Position

Investment in capital assets	832,118
Unrestricted	203,013
Total Net Position	<u>\$ 1,035,131</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

OPERATING REVENUES:

Rental income	\$ 352,755
Other income	36,128

TOTAL OPERATING REVENUES	388,883
--------------------------	---------

OPERATING EXPENSES:

Administrative	193,006
Tenant services	4,407
Utilities	143,520
Ordinary maintenance and operation	242,271
Protective services	961
General expense	78,821
Depreciation expense	188,550

TOTAL OPERATING EXPENSES	851,536
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OPERATING INCOME (LOSS)	(462,653)
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NONOPERATING REVENUES:

Federal operating grants	291,696
Interest income	353

TOTAL NONOPERATING REVENUES	292,049
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Net income (loss) before capital contributions	(170,604)
--	-----------

CAPITAL CONTRIBUTIONS	10,645
-----------------------	--------

CHANGE IN NET POSITION	(159,959)
------------------------	-----------

TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	1,301,784
--	-----------

Change in accounting principle	(106,694)
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TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,195,090
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TOTAL NET POSITION - END OF YEAR	\$ 1,035,131
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The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 388,472
Payments to vendors	(361,388)
Payments to employees	(276,778)
Net Cash Used by Operating Activities	<u>(249,694)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	291,696
Net Cash From Noncapital Financing Activities	<u>291,696</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received	10,645
Acquisition and construction of capital assets	(15,833)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(5,188)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	353
Net Cash From Investing Activities	<u>353</u>

Net Increase (Decrease) in Cash and Cash Equivalents	37,167
Balance - Beginning of year	<u>310,296</u>
Balance - End of year	<u>\$ 347,463</u>

Reconciliation of Cash	
Unrestricted	\$ 347,463
Restricted	0
	<u>\$ 347,463</u>

Continued

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

Operating income (loss)	\$	(462,653)
Adjustments to reconcile net operating income (loss) to net cash		
Provided by operating activities:		
Depreciation		188,550
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(411)
Inventory		2,826
Prepaid expenses		(3,738)
Increase (Decrease) in:		
Accounts payable		(1,601)
Accrued liabilities		971
Unearned revenue		3,026
Pension liabilities		23,336
Net Cash Flows Provided (Used)		
by Operating Activities	\$	<u>(249,694)</u>

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - Summary of Significant Accounting Policies and Organization:

The Housing Authority of the City of Rockport was established by the City of Rockport 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.

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 Rockport, a primary government. 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 ROCKPORT include Low-Income Public Housing under Annual Contributions Contract A-2855.

The authority had 144 units in management at September 30, 2015:

<u>Project</u>	<u>Units</u>
Authority owned	144

The authority was also administering Capital Fund 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 ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (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.

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 positions 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. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

Cash Equivalents: Cash equivalents consist principally of checking accounts, savings accounts and certificates of deposit. These are stated at fair value. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

Interprogram Receivables and Payables: Interprogram receivables/payables are all current, and are the result of the use of the Low Income Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances is eliminated for the financial statement presentation.

Investments: Investments are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent through the State of Indiana's Collateralization Program. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Indiana.

Inventories: Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

Prepaid Items: Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Restricted Assets: Certain assets may be classified as restricted assets on the balance sheet because their use is restricted by contracts or agreements with outside third parties and lending institutions.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (Continued)

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets:

a. Book Value: All purchased capital assets are valued at cost when historical records are available. When no historical records are available, capital assets are valued at estimated historical cost. Land values were derived from development closeout documentation.

Donated capital assets are recorded at their fair value at the time they are received. Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenses of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

b. Depreciation: The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings & Improvements	10-25 years
Furniture, Equipment & Machinery	3-7 years

c. Maintenance and Repairs Expenditures: Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$100 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Continued)

NOTE 1 - Summary of Significant Accounting Policies and Organization: (Continued)

Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred the loss is probable and the loss is reasonably estimable.

Annual Contribution Contracts: Annual Contribution Contracts provide that HUD shall have the Authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

Risk Management: The Authority is exposed to various risks of loss 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 for all property and equipment, employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

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

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

Leasing Activities (as Lessor): The Authority is the Lessor of dwelling units mainly 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 Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions, which impact personal income such as local job availability.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 2 - Deposits, Cash and Cash Equivalents and Investments:

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 September 30, 2015, 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.

C. Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

At September 30, 2015, the carrying amount of the Authority's deposits was \$347,463. 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	\$ 84,663
Certificates of Deposit	<u>262,800</u>
Total	<u>\$ 347,463</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 3 - Accounts Receivable:

Accounts receivables at September 30, 2015 consist of the following:

Accounts receivable tenants, net of allowance of \$779 \$ 4,386

NOTE 4 - Prepaid Expenses:

Prepaid Expenses at September 30, 2015 consist of the following:

Prepaid insurance and other prepaid assets \$ 35,307

NOTE 5 - Inventory:

Inventory at September 30, 2015, consist of the following:

Inventory \$ 18,350

NOTE 6 - Capital Assets:

	<u>Beginning Balance 09/30/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance 09/30/15</u>
Capital assets, not being depreciated:					
Land	\$ 164,342	\$ 0	\$ 0	\$ 0	\$ 164,342
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>164,342</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>164,342</u>
Capital Assets, being depreciated:					
Buildings & Improvements	5,268,992	15,833	0	0	5,284,825
Furniture, Equipment & Machinery	<u>144,804</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,804</u>
Total Capital Assets, being depreciated	<u>5,413,796</u>	<u>15,833</u>	<u>0</u>	<u>0</u>	<u>5,429,629</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(4,342,469)	(179,123)	0	0	(4,521,592)
Furniture, Equipment and Machinery	<u>(230,834)</u>	<u>(9,427)</u>	<u>0</u>	<u>0</u>	<u>(240,261)</u>
Total Accumulated Depreciation:	<u>(4,573,303)</u>	<u>(188,550)</u>	<u>0</u>	<u>0</u>	<u>(4,761,853)</u>
Total Capital Assets, being depreciated, net	<u>840,493</u>	<u>(172,717)</u>	<u>0</u>	<u>0</u>	<u>667,776</u>
Capital Assets, Net	<u>\$ 1,004,835</u>	<u>\$ (172,717)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 832,118</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Continued)

NOTE 6 - Capital Assets: (Continued)

Major construction renovation through the Capital Fund Program costs of \$120,996 are yet to be expended under the current programs. HUD has approved funding for the above amount. Depreciation expense for the year ended September 30, 2015, was \$188,550.

NOTE 7 - Pension Plan:

Description of Pension Plan

The Rockport Housing Authority, Indiana (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 Employees' Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF), with the merger of the funds being effective as of July 1, 2011.

INPRS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Indiana are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the Housing Authority are included in the Local employees group. INPRS issues a stand-alone comprehensive annual financial report, which is available on the INPRS website at www.INPRS.org.

Benefits

Benefits are established by statute and may only be changed by the General Assembly. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Continued)

NOTE 7 - Pension Plan: (Continued)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Indiana Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Indiana, for all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Indiana Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Indiana legislation established statutory limits on increases in contribution rates for INPRS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 0.9% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rates and the statutory contribution rates for local employees are 9.77% and 8.84%, respectively. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2015 are 4.00%, 5.00%, or 6.00% for local employees.

Employer Allocations

Although INPRS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, INPRS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the Housing Authority's share of the collective pension amounts as of June 30, 2015 and 2014 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 7 - Pension Plan: (Continued)

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the Housing Authority's proportion was 0.00134%, which was an increase of 0.00103% from its proportion measured at June 30, 2015.

Net Pension Liability

At June 30, 2015 and 2014, the Housing Authority reported a liability of \$106,694 and \$156,399, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 12.50%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	6.75%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, Local, KP&F and Judges).

The actuarial assumptions used in the June 30, 2015 evaluation were based on the results of an actuarial experience study conducted for three years ending June 30, 2015.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Continued)

NOTE 7 - Pension Plan: (Continued)

Asset Class	Long-Term Target Allocations	Long-Term Expected Real Rate of Return
Global equity	47%	6%
Fixed income	14%	0.85%
Yield driven	8%	5.50%
Real return	11%	3.75%
Real estate	11%	6.65%
Alternatives	8%	9.50%
Short-term investments	1%	0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected INPRS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 7 - Pension Plan: (Continued)

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$230,703	\$156,399	\$94,714

Pension Expense

For the year ended June 30, 2015, the Housing Authority recognized pension expense of \$5,630, 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	\$6,713	\$323
Net differences between projected and actual investment earnings on pension plan investments	\$26,371	\$14,709
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$13,221	\$7,930
Contributions made after plan year end	\$4,838	\$0
Total	\$51,143	\$22,962

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 2106:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2016	\$6,637
2017	\$6,637
2018	\$3,476
2019	\$6,593
2020	\$0
Thereafter	\$23,343

The information presented above has not been audited.

NOTE 8 - Accounts Payable:

Accounts payable at September 30, 2015 consist of the following:

Vendors' Accounts Payable

\$ 32,920

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 9 - Accrued Liabilities:

Accrued liabilities at September 30, 2015, consist of the following:

Accrued wages/payroll taxes payable	<u>\$ 7,308</u>
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NOTE 10 - Unearned Revenue:

Unearned revenue at September 30, 2015 consists of the following:

Pre-Paid Rent	<u>\$ 7,826</u>
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NOTE 11 - Noncurrent Liabilities:

Noncurrent liabilities at September 30, 2015, consist of the following:

	<u>09/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/15</u>	<u>Current Portion</u>	<u>Total</u>
Accrued compensated absences	\$ 8,392	\$ 1,812	\$ 0	\$ 10,204	\$ 634	\$ 10,838
Net pension liability	<u>106,694</u>	<u>49,705</u>	<u>0</u>	<u>156,399</u>	<u>0</u>	<u>156,399</u>
	<u>\$ 115,086</u>	<u>\$ 51,517</u>	<u>\$ 0</u>	<u>\$ 166,603</u>	<u>\$ 634</u>	<u>\$ 167,237</u>

NOTE 12 - Accounting Changes/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position September 30, 2014, as previously reported	\$ 1,195,090
Net pension liability at September 30, 2013	(156,399)
Deferred outflows of resources related to contributions made after the September 30, 2013 measurement date	<u>49,705</u>
Net position October 1, 2014 as restated	<u>\$ 1,088,396</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(Continued)

NOTE 13 - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contract. These subsidy contributions for the operating year ended September 30, 2015 were as follows:

Low Rent Public Housing	<u>\$ 291,696</u>
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NOTE 14 - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended September 30, 2015 were \$10,645.

NOTE 15 - Economic Dependency:

The Authority receives approximately 44% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE 16 - Commitments and Contingencies:

Litigation: At September 30, 2015, 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 concerning the year ended September 30, 2015.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. Other than the amounts listed in the paragraph above, the amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: There are certain major construction projects in progress at September 30, 2015. 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 17 - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by the United States Department of 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 Housing Authority of the City of Rockport.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, 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>
Rockport Housing Authority's proportion of the net pension liability	.00384
Rockport Housing Authority's proportionate share of the net pension liability	\$ 24,707
Rockport Housing Authority's covered employee payroll	\$ 183,770
Rockport Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	13.44%

Note: Additional years information will be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ROCKPORT HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 5,486
Contributions in relation to the contractually required contribution	<u>5,486</u>
Contribution deficiency (excess)	<u>\$ 0</u>
Rockport Housing Authority's covered employee payroll	\$ 183,770
Contributions as a percentage of covered employee payroll	13.90%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

COMBINING SCHEDULE OF PROGRAM NET POSITION

SEPTEMBER 30, 2015

	ACC		
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	Totals
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 347,463	\$ 0	\$ 347,463
Accounts receivable, net	4,386	0	4,386
Prepaid expenses	35,307	0	35,307
Inventory, net	18,350	0	18,350
Current Assets	405,506	0	405,506
<u>Capital Assets</u>			
Land and other nondepreciable assets	164,342	0	164,342
Depreciable capital assets, net	667,776	0	667,776
Total Capital Assets	832,118	0	832,118
Total Assets	1,237,624	0	1,237,624
<u>Deferred outflow of resources</u>			
Pension related	51,143	0	51,143
Total Assets and Deferred Outflow of Resources	1,288,767	0	1,288,767
<u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Accounts payable	32,920	0	32,920
Accrued liabilities	7,308	0	7,308
Unearned revenue	7,826	0	7,826
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	16,017	0	16,017
Current Liabilities	64,071	0	64,071
<u>Noncurrent liabilities</u>			
Accrued compensated absences	10,204	0	10,204
Net Pension Liability	156,399	0	156,399
Noncurrent Liabilities	166,603	0	166,603
Total liabilities	230,674	0	230,674
<u>Deferred inflow of resources</u>			
Pension related	22,962	0	22,962
<u>Net Position</u>			
Investment in capital assets	832,118	0	832,118
Unrestricted	203,013	0	203,013
TOTAL NET POSITION	\$ 1,035,131	\$ 0	\$ 1,035,131

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	ACC		Total
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	
<u>OPERATING REVENUES:</u>			
Rental income	\$ 352,755	\$ 0	\$ 352,755
Other income	36,128	0	36,128
TOTAL OPERATING REVENUES	388,883	0	388,883
<u>OPERATING EXPENSES:</u>			
Administrative	193,006	0	193,006
Tenant services	4,407	0	4,407
Utilities	143,520	0	143,520
Ordinary maintenance and operation	242,271	0	242,271
Protective services	961	0	961
General expense	78,821	0	78,821
Depreciation expense	188,550	0	188,550
TOTAL OPERATING EXPENSES	851,536	0	851,536
OPERATING INCOME (LOSS)	(462,653)	0	(462,653)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Federal operating grants	291,696	0	291,696
Interest income	353	0	353
TOTAL NONOPERATING REVENUES (EXPENSES)	292,049	0	292,049
Net income (loss) before capital contributions	(170,604)	0	(170,604)
Operating transfers	10,645	(10,645)	0
CAPITAL CONTRIBUTIONS	0	10,645	10,645
CHANGE IN NET POSITION	(159,959)	0	(159,959)
TOTAL NET POSITION - BEGINNING OF YEAR as originally stated	1,301,784	0	1,301,784
Change in accounting principle	(106,694)	0	(106,694)
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	1,195,090	0	1,195,090
TOTAL NET POSITION - END OF YEAR	\$ 1,035,131	\$ 0	\$ 1,035,131

Rockport Housing Authority (IN024)
 ROCKPORT, IN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$331,446	\$331,446	\$331,446
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$16,017	\$16,017	\$16,017
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$347,463	\$347,463	\$347,463
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$5,165	\$5,165	\$5,165
126.1 Allowance for Doubtful Accounts - Tenants	-\$779	-\$779	-\$779
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			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,386	\$4,386	\$4,386
131 Investments - Unrestricted	\$0	\$0	\$0
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$35,307	\$35,307	\$35,307
143 Inventories	\$18,350	\$18,350	\$18,350
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$405,506	\$405,506	\$405,506
161 Land	\$164,342	\$164,342	\$164,342
162 Buildings	\$4,823,638	\$4,823,638	\$4,823,638
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$144,804	\$144,804	\$144,804
165 Leasehold Improvements	\$461,187	\$461,187	\$461,187
166 Accumulated Depreciation	-\$4,761,853	-\$4,761,853	-\$4,761,853
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$832,118	\$832,118	\$832,118
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	\$832,118	\$832,118	\$832,118
200 Deferred Outflow of Resources	\$51,143	\$51,143	\$51,143
290 Total Assets and Deferred Outflow of Resources	\$1,288,767	\$1,288,767	\$1,288,767

311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$11,996	\$11,996	\$11,996
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$6,674	\$6,674	\$6,674
322 Accrued Compensated Absences - Current Portion	\$634	\$634	\$634
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$20,924	\$20,924	\$20,924
341 Tenant Security Deposits	\$16,017	\$16,017	\$16,017
342 Unearned Revenue	\$7,826	\$7,826	\$7,826
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	\$64,071	\$64,071	\$64,071
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	\$10,204	\$10,204	\$10,204
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$156,399	\$156,399	\$156,399
350 Total Non-Current Liabilities	\$166,603	\$166,603	\$166,603
300 Total Liabilities	\$230,674	\$230,674	\$230,674
400 Deferred Inflow of Resources	\$22,962	\$22,962	\$22,962
508.4 Net Investment in Capital Assets	\$832,118	\$832,118	\$832,118
511.4 Restricted Net Position	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$203,013	\$203,013	\$203,013
513 Total Equity - Net Assets / Position	\$1,035,131	\$1,035,131	\$1,035,131
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,288,767	\$1,288,767	\$1,288,767

Rockport Housing Authority (IN024)
 ROCKPORT, IN
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 09/30/2015

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$345,442	\$345,442	\$345,442
70400 Tenant Revenue - Other	\$7,313	\$7,313	\$7,313
70500 Total Tenant Revenue	\$352,755	\$352,755	\$352,755
70600 HUD PHA Operating Grants	\$291,696	\$291,696	\$291,696
70610 Capital Grants	\$10,645	\$10,645	\$10,645
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	\$353	\$353	\$353
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	\$36,128	\$36,128	\$36,128
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$691,577	\$691,577	\$691,577
91100 Administrative Salaries	\$96,562	\$96,562	\$96,562
91200 Auditing Fees	\$4,000	\$4,000	\$4,000
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$42,168	\$42,168	\$42,168
91600 Office Expenses	\$42,659	\$42,659	\$42,659
91700 Legal Expense	\$3,414	\$3,414	\$3,414
91800 Travel	\$1,200	\$1,200	\$1,200
91810 Allocated Overhead			
91900 Other	\$3,003	\$3,003	\$3,003
91000 Total Operating - Administrative	\$193,006	\$193,006	\$193,006
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$1,040	\$1,040	\$1,040
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$3,367	\$3,367	\$3,367
92500 Total Tenant Services	\$4,407	\$4,407	\$4,407
93100 Water	\$18,480	\$18,480	\$18,480
93200 Electricity	\$76,678	\$76,678	\$76,678
93300 Gas	\$28,782	\$28,782	\$28,782
93400 Fuel			
93500 Labor			
93600 Sewer	\$18,438	\$18,438	\$18,438
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$1,142	\$1,142	\$1,142
93000 Total Utilities	\$143,520	\$143,520	\$143,520

94100 Ordinary Maintenance and Operations - Labor	\$112,774	\$112,774	\$112,774
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,805	\$57,805	\$57,805
94300 Ordinary Maintenance and Operations Contracts	\$36,062	\$36,062	\$36,062
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,234	\$24,234	\$24,234
94000 Total Maintenance	\$230,875	\$230,875	\$230,875
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$961	\$961	\$961
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$961	\$961	\$961
96110 Property Insurance	\$32,331	\$32,331	\$32,331
96120 Liability Insurance	\$2,099	\$2,099	\$2,099
96130 Workmen's Compensation	\$7,896	\$7,896	\$7,896
96140 All Other Insurance	\$2,960	\$2,960	\$2,960
96100 Total insurance Premiums	\$45,286	\$45,286	\$45,286
96200 Other General Expenses			
96210 Compensated Absences	\$634	\$634	\$634
96300 Payments in Lieu of Taxes	\$29,788	\$29,788	\$29,788
96400 Bad debt - Tenant Rents	\$3,113	\$3,113	\$3,113
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$33,535	\$33,535	\$33,535
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
96900 Total Operating Expenses	\$651,590	\$651,590	\$651,590
97000 Excess of Operating Revenue over Operating Expenses	\$39,987	\$39,987	\$39,987
97100 Extraordinary Maintenance	\$11,396	\$11,396	\$11,396
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$188,550	\$188,550	\$188,550
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$851,536	\$851,536	\$851,536
10010 Operating Transfer In	\$1,513	\$1,513	\$1,513
10020 Operating transfer Out	-\$1,513	-\$1,513	-\$1,513
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$159,959	-\$159,959	-\$159,959

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,301,784	\$1,301,784	\$1,301,784
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$106,694	-\$106,694	-\$106,694
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1728	1728	1728
11210 Number of Unit Months Leased	1665	1665	1665
11270 Excess Cash	\$233,479	\$233,479	\$233,479
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$15,833	\$15,833	\$15,833
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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, gains and losses on the disposal of capital assets and interest expense 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 Rockport
601 Washington St
Rockport, 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 Housing Authority of The City of Rockport, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of The City of Rockport's basic financial statements and have issued my report thereon dated April 1, 2016.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of The City of Rockport'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 management of Housing Authority of the City of Rockport in a separate letter dated April 1, 2016.

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
April 1, 2016

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

SEPTEMBER 30, 2015

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There are no prior year findings.

CURRENT AUDIT FINDINGS

There are no current findings.