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August 23, 2023

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

We have reviewed the audit report of the Housing Authority of the City of Rockport, which was opined upon by Audit Solutions, LLC, Independent Public Accountant, for the period October 1, 2021 to September 30, 2022. 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, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Audit Solutions, LLC, prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Rockport
Rockport, Indiana

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Rockport (Authority), Indiana, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards, I*:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages i-vi, the schedule of proportionate share of net pension liability (asset) and related ratios on page 25 and the schedule of pension plan contributions on page 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule and the PHA's Statement of Certification of Actual Modernization Cost are presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The 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 accompanying Financial Data Schedule and the PHA's Statement of Certification of Actual Modernization Cost are fairly stated, in all material respects, in relation to the basic 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 March 28, 2023, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

March 28, 2023

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
September 30, 2022

This section of the Housing Authority of the City of Rockport, Indiana (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on September 30, 2022. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of September 30, 2022, was \$1,223,516. The net position decreased by \$110,742, a decrease of 8.3% from the prior year.
- Revenues for the Authority were \$918,624 for the year ended September 30, 2022. This was an increase of \$94,380 or 11.5% over the prior year.
- Expenses for the Authority were \$1,029,366 for the year ended September 30, 2022. This was an increase of \$147,332 or 16.7% over the prior year.
- Tenant revenue for the Authority was \$557,450 or 60.7% of total revenues for the year ended September 30, 2022. This was an increase of \$61,794 or 12.5% over the prior year.
- Governmental grants and subsidy for the Authority was \$254,523 or 27.7% of total revenues for the year ended September 30, 2022. This was a decrease of \$28,457 or 10.1% from the prior year.
- Capital contributions for the Authority was \$33,709 or 3.7% of total revenues for the year ended September 30, 2022. This was a decrease of \$5,172 or 13.3% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Required Financial Statements

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS - (CONTINUED)

Required Financial Statements – (Continued)

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Data*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended September 30, 2022, and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$1,223,516 at the close of the year ended September 30, 2022, down from \$1,334,258 in fiscal year 2021. The decrease in net position of \$110,742 was due to the reasons noted below.

- Current assets were \$300,746 or 20.8% of total assets for FY 2022 and include cash, investments, receivables, prepaid expenses, and materials inventory. The increase of \$4,745 in current assets was primarily due to an increase in cash and investments of \$42,619 and an increase in prepaid expenses of \$5,414. This was partially offset by a \$44,426 decrease in receivables.
- Capital assets were \$1,142,439 or 79.2% of total assets for FY 2022 and decreased \$95,509 from FY 2021. Decrease in capital assets was the result of current year depreciation expense exceeding current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflows decreased \$3,389 or 7.4% from FY 2021.
- Current liabilities increased \$35,797 or 30.8% from FY 2021 mainly due to a \$47,926 increase in unearned revenue. This was partially offset by a \$10,698 decrease in accounts payable.
- Noncurrent liabilities increased \$45,242 due to a \$41,762 increase in net pension liability and a \$3,480 increase in noncurrent portion of accrued compensated absences.
- Deferred inflows decreased \$64,450 or 76.5% from FY 2021.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2022

FINANCIAL ANALYSIS – (CONTINUED)

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 300,746	\$ 296,001	\$ 4,745	1.6%
Capital assets	<u>1,142,439</u>	<u>1,237,948</u>	<u>(95,509)</u>	-7.7%
Total Assets	<u>1,443,185</u>	<u>1,533,949</u>	<u>(90,764)</u>	-5.9%
Deferred Outflows	<u>42,132</u>	<u>45,521</u>	<u>(3,389)</u>	-7.4%
TOTAL	<u>\$ 1,485,317</u>	<u>\$ 1,579,470</u>	<u>\$ (94,153)</u>	-6.0%
Current liabilities	\$ 152,076	\$ 116,279	\$ 35,797	30.8%
Noncurrent liabilities	<u>89,923</u>	<u>44,681</u>	<u>45,242</u>	101.3%
Total Liabilities	<u>241,999</u>	<u>160,960</u>	<u>81,039</u>	50.3%
Deferred Inflows	<u>19,802</u>	<u>84,252</u>	<u>(64,450)</u>	-76.5%
Net Position				
Net investment in capital assets	1,142,439	1,237,948	(95,509)	-7.7%
Unrestricted	<u>81,077</u>	<u>96,310</u>	<u>(15,233)</u>	-15.8%
Total Net Position	<u>1,223,516</u>	<u>1,334,258</u>	<u>\$ (110,742)</u>	-8.3%
TOTAL	<u>\$ 1,485,317</u>	<u>\$ 1,579,470</u>	<u>\$ (94,153)</u>	-6.0%

The unrestricted net position was \$81,077 as of September 30, 2022. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for one month. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

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

As can be seen in the table on the following page, total revenues increased \$94,380 due to the reasons noted below:

- Tenant revenue increased \$61,794 or 12.5% from FY 2021 primarily due to a 3.0% increase in occupancy and an increase in average dwelling rental charge per unit of \$17.45 or 6.5%. The average dwelling rental charge per unit was \$285.43 in FY 2022, up from \$267.98 in FY 2021.
- Governmental grants and subsidy decreased \$28,457 from FY 2021 mainly due to a \$8,467 or 3.2% decrease in funding for Public Housing Operating Subsidy. The Authority also had a \$19,185 decrease in funding earned for Public Housing CARES Act and a \$805 decrease in capital funds utilized for operating expenditures.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2022

FINANCIAL ANALYSIS – (CONTINUED)

- Capital contributions decreased \$5,172 from FY 2021. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Miscellaneous revenue increased \$66,006 from FY 2021 primarily due to insurance proceeds of \$50,964 received from casualty loss.
- Investment income increased \$209 from FY 2021.

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

	FY 2022	FY 2021	Dollar Change	Percent Change
Revenues				
Operating - non-operating - capital contributions:				
Tenant revenue	\$ 557,450	\$ 495,656	\$ 61,794	12.5%
Governmental grants and subsidy	254,523	282,980	(28,457)	-10.1%
Capital contributions	33,709	38,881	(5,172)	-13.3%
Miscellaneous revenue	72,172	6,166	66,006	1070.5%
Investment income	770	561	209	37.3%
Total Revenues	918,624	824,244	94,380	11.5%
Expenses				
Administrative	205,540	162,659	42,881	26.4%
Tenant services	2,745	-	2,745	100.0%
Utilities	194,905	169,749	25,156	14.8%
Ordinary maintenance & operations	341,558	327,669	13,889	4.2%
Protective services	3,523	407	3,116	765.6%
Insurance	43,598	39,185	4,413	11.3%
General	59,862	34,752	25,110	72.3%
Non routine maintenance	45,968	-	45,968	100.0%
Depreciation expense	131,667	147,613	(15,946)	-10.8%
Total Expenses	1,029,366	882,034	147,332	16.7%
Change in net position	(110,742)	(57,790)	(52,952)	
Total net position - beginning of year	1,334,258	1,392,048	(57,790)	
Prior period adjustments	-	-	-	
Beginning net position, adjusted	1,334,258	1,392,048	(57,790)	
Ending net position	\$ 1,223,516	\$ 1,334,258	\$ (57,790)	

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2022

FINANCIAL ANALYSIS – (CONTINUED)

Total expenses increased \$147,332 due to the reasons noted below:

- Administrative expenses were \$205,540 or 20.0% of total expenses for FY 2022 and increased \$42,881 or 26.4% from FY 2021. The increase in administrative expenses was mainly due to an increase in administrative wages and benefits of \$21,785 or 25.2% and an increase in office and other administrative expenses of \$14,296 or 20.4%. The Authority also had an increase in legal expenses of \$3,731 and an increase in advertising expenses of \$1,628.
- Tenant services increased \$2,745 from FY 2021
- Utilities were \$194,905 or 18.9% of total expenses for FY 2022 and increased \$25,156 or 14.8% from 2021. The increase in utility expenses was primarily due to an increase in gas expenses of \$17,320 or 57.3% and an increase in electricity of \$6,624 or 7.7%.
- Ordinary maintenance and operations totaled \$341,558 for FY 2022 or 33.2% of total expenses and increased \$13,889 or 4.2% from FY 2021. The increase in ordinary maintenance and operations was mainly due to an increase in maintenance labor and benefits of \$5,816 or 3.9% and an increase in services contracted for repairs and maintenance of \$6,499 or 5.4%.
- Protective services increased \$3,116 from FY 2021.
- Insurance expenses totaled \$43,598 for FY 2022 or 4.2% of total expenses. The increase in insurance of \$4,413 was mainly due to an increase in property and liability insurance of \$2,679 or 7.8%. The Authority also had an increase in workers' compensation insurance of \$1,734 or 36.3%.
- General expenses were \$59,862 for FY 2022 or 5.8% of total expenses. The increase in general expenses of \$25,110 was primarily due to an increase in tenant bad debt expense of \$20,942. The Authority also had a \$2,462 increase in compensated absences and a \$1,706 increase in accrued payments in lieu of taxes.
- The Authority had non routine maintenance of \$45,968 in FY 2022 for casualty loss expenditures.
- The Authority had a \$15,946 or 10.8% decrease in depreciation, which is the write-off of capital assets over their estimated useful life. Depreciation totaled \$131,667 for FY 2022 or 12.8% of total expenses.

The Public Housing occupancy rate for fiscal year ended September 30, 2022 was 95.9%, up from 93.0% in FY 2021. The Authority currently owns and manages 141 Public Housing units.

CAPITAL ASSETS

The Housing Authority of the City of Rockport, Illinois' net investment in capital assets as of September 30, 2022 amounts to \$1,142,439 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

Capital Assets – The total decrease in the Authority's capital assets for the current fiscal year was 7.7% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$36,158 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$131,667. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2022

CAPITAL ASSETS – (CONTINUED)

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$1,237,948	\$36,158	\$(131,667)	\$0	\$1,142,439

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2023 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or a request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Rockport, P.O. Box 173, Rockport, Indiana 47635.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF NET POSITION
September 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$	9,385
Cash - restricted		65,880
Investments		159,309
Receivables - net of allowances		5,153
Inventory - net of allowances		25,796
Prepaid expenses		<u>35,223</u>

Total Current Assets 300,746

Non-current Assets:

Capital assets:

Land and construction in progress		188,342
Other capital assets, net of depreciation		<u>954,097</u>

Total capital assets - net 1,142,439

Total Non-current Assets 1,142,439

Total Assets 1,443,185

DEFERRED OUTFLOWS OF RESOURCES

Accrued pension		<u>42,132</u>
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Total Deferred Outflow of Resources 42,132

Total Assets and Deferred Outflow of Resources \$ 1,485,317

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF NET POSITION - (Continued)
September 30, 2022

LIABILITIES

Current Liabilities:

Accounts payable	\$	72,315
Accrued salaries and benefits		3,637
Tenant security deposit liability		19,960
Accrued compensated absences		2,740
Unearned revenues		<u>53,424</u>

Total Current Liabilities 152,076

Non-current Liabilities:

Compensated absences		8,554
Non-current liabilities - Other		<u>81,369</u>

Total Non-current Liabilities 89,923

Total Liabilities 241,999

DEFERRED INFLOWS OF RESOURCES

Accrued pension		<u>19,802</u>
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Total Deferred Inflow of Resources 19,802

NET POSITION

Net investment in capital assets		1,142,439
Unrestricted		<u>81,077</u>

Total Net Position 1,223,516

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 1,485,317

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2022

OPERATING REVENUES	
Tenant revenue	\$ 557,450
Governmental grants and subsidy	254,524
Miscellaneous	<u>72,172</u>
Total operating revenue	<u>884,146</u>
OPERATING EXPENSES	
Administrative	205,540
Tenant services	2,745
Utilities	194,905
Ordinary maintenance and operations	341,558
Protective services	3,523
Insurance	43,598
General	59,862
Non routine maintenance	45,968
Depreciation expense	<u>131,667</u>
Total operating expenses	<u>1,029,366</u>
Operating income (loss)	<u>(145,220)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>770</u>
Net non-operating revenues (expenses)	<u>770</u>
Income (loss) before contributions and transfers	<u>(144,450)</u>
Capital contributions	<u>33,708</u>
Change in net position	(110,742)
Total net position - beginning of year	<u>1,334,258</u>
Total net position - end of year	<u>\$ 1,223,516</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 550,288
Received from governmental grants and subsidy	334,317
Received from other operating activities	72,172
Payments for goods and services	(590,931)
Payments to employees	(293,715)
Payment in lieu of taxes	<u>(27,549)</u>
Net cash provided by (used in) operating activities	<u>44,582</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	33,708
Purchases of capital assets	<u>(36,158)</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	(477)
Receipts of interest and dividends	<u>487</u>
Net cash provided by (used in) investing activities	<u>10</u>
Net increase (decrease) in cash and cash equivalents	42,142
Cash and cash equivalents at beginning of year	<u>33,123</u>
Cash and cash equivalents at end of year	<u><u>\$ 75,265</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended September 30, 2022

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(145,220)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		131,667
Change in assets and liabilities:		
Receivables, net		44,709
Inventories, net		(1,138)
Prepaid expenses		(2,025)
Accounts and other payables		32,076
Tenant security deposit		938
Unearned revenues		(16,524)
Compensated absences		2,837
Accrued expenses		<u>(2,738)</u>
Net cash provided by (used) by operating activities	\$	<u><u>44,582</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Rockport (Authority) is a public body and a body corporate and politic organized under the laws of the State of Indiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The 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 (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation – (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of tenant accounts receivable and accrued interest receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	3-25 years
Site improvements	3-15 years
Furniture, equipment and machinery - administrative	3-10 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the modernization fund and security deposit fund under the Public and Indian Housing program.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity - (Continued)

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for pension contributions made after the actuarial measurement date and for actuarial adjustments due to the proportionate share of the contributions made to the pension liability which will be amortized over the expected average remaining service lifetime.

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The Authority has deferred inflows of resources relating to the net pension obligation reported in the Statement of Net Position. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over a five-year period on a straight-line basis.

Equity Classifications

Equity is classified as net position and displayed in two components:

- 1) Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Unrestricted net position—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority’s compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority’s policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization

For the year ended September 30, 2022, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash Deposits and Investments

As of September 30, 2022, the Authority had the following cash deposits and investments:

Cash deposits	\$ 75,065
Petty cash / change fund	200
Investments	<u>159,309</u>
Total	<u>\$ 234,574</u>

Following is a reconciliation of the Authority's deposit balances as of September 30, 2022:

Cash and cash equivalents	\$ 9,385
Restricted assets	65,880
Investments	<u>159,309</u>
Total	<u>\$ 234,574</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At September 30, 2022, the Authority's bank balances of \$87,759 were entirely covered by FDIC insurance or by the Public Deposit Insurance Fund (PDIF) which was created in 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions in the state of Indiana. The PDIF insures those public funds deposited in approved financial institutions which exceed the limits of coverage provided by federal deposit insurance. The fund is administered by the Indiana Board for Depositories.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* 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 investment or collateral securities that are in the possession of an outside party. At September 30, 2022, the Authority's investment balance of \$159,309 was entirely covered by FDIC or PDIF insurance.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3A. Cash Deposits and Investments – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At September 30, 2022, the concentration of the Authority’s investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 79,887	7/11/2023
Certificate of Deposit	<u>79,422</u>	7/11/2023
Total	<u>\$ 159,309</u>	

3B. Restricted Assets

Restricted assets at September 30, 2022 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash</u>		<u>Accrued Interest</u>	<u>Total</u>
	<u>Including Time Deposits</u>	<u>Investments</u>		
Modernization	\$ 45,920	----	----	\$ 45,920
Security deposit	<u>19,960</u>	----	----	<u>19,960</u>
Total Restricted Assets	<u>\$ 65,880</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 65,880</u>

3C. Accounts Receivable

Receivables at September 30, 2022 consist of the following:

Tenant account receivable	\$ 11,910
Allowance for doubtful account	<u>(7,146)</u>
Tenants - net of allowance	4,764
Accrued interest	<u>389</u>
Total Accounts Receivable	<u>\$ 5,153</u>

3D. Inventory

Inventory at September 30, 2022 comprised of the following:

Inventory	\$ 27,154
Less: Allowance for obsolete inventory	<u>(1,358)</u>
Inventory - net of allowance	<u>\$ 25,796</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3E. Capital Assets

A summary of capital asset activity for the year ended September 30, 2022 is as follows:

	Balance October 1, 2021	Additions	(Retirement)	Reclass/ Transfers in (out)	Balance September 30, 2022
Non-depreciable assets:					
Land	\$ 188,342	\$ -	\$ -	\$ -	\$ 188,342
Total non-depreciable assets	<u>188,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,342</u>
Depreciable assets:					
Building	6,423,334	-	(1,037)	(8,639)	6,413,658
Equipment - administration	158,915	6,030	-	-	164,945
Leasehold improvements	199,204	30,128	1,037	8,639	239,008
Total depreciable assets	<u>6,781,453</u>	<u>36,158</u>	<u>-</u>	<u>-</u>	<u>6,817,611</u>
Accumulated depreciation	<u>(5,731,847)</u>	<u>(131,667)</u>	<u>-</u>	<u>-</u>	<u>(5,863,514)</u>
Total depreciable assets, net	<u>1,049,606</u>	<u>(95,509)</u>	<u>-</u>	<u>-</u>	<u>954,097</u>
Capital assets, net	<u>\$ 1,237,948</u>	<u>\$ (95,509)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,439</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Public and Indian Housing	\$ 109,802
Public Housing Capital Fund	<u>21,865</u>
Total depreciation expense	<u>\$ 131,667</u>

3F. Accounts Payable

Accounts payable at September 30, 2022 consist of the following:

Vendors & contractors	\$ 13,280
Accrued utilities	4,071
PILOT	<u>54,964</u>
Total Accounts Payable	<u>\$ 72,315</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3G. Non-Current Liabilities

Non-current liabilities at September 30, 2022 consists of the following:

Accrued compensated absences	\$	8,554
Net pension liability		<u>81,369</u>
Total	\$	<u><u>89,923</u></u>

Changes in non-current liabilities

The following is the summary of changes in long-term liabilities:

<u>Description</u>	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2022</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 5,074	\$ 3,480	\$ ---	\$ 8,554	\$ 2,740
Net Pension Liability	<u>39,607</u>	<u>41,762</u>	<u>---</u>	<u>81,369</u>	<u>---</u>
Total	<u><u>\$ 44,681</u></u>	<u><u>\$ 45,242</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 89,923</u></u>	<u><u>\$ 2,740</u></u>

3H. Inter-program Transactions and Balances

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

Operating Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 855	\$ -
Public Housing Capital Fund	<u>-</u>	<u>(855)</u>
Total	<u><u>\$ 855</u></u>	<u><u>\$ (855)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES

4A. Pension Plan

Description of Defined Benefit Funds

Public Employees' Defined Benefit Account (PERF DB)

PERF DB is a cost-sharing, multiple-employer DB fund providing retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, 5-10.3, 5-10.5, 35 IAC 1.2 and other Indiana pension law. PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice, have a one-time election to join either the PERF Hybrid plan or PERF MC DC. Refer to the Description of Defined Contribution Funds for discussion of both the PERF DC and PERF MC DC plans. A new hire that is an existing member of PERF Hybrid and was not given the option for the PERF MC DC plan is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have service in both PERF DB and either TRF Pre-'96 DB or TRF '96 DB, have the option of choosing from which of these funds they would like to retire.

INPRS financial reports are available online at <https://www.in.gov/inprs>.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- Age 65 with at least 10 years of creditable service (eight years for certain elected officials).
- Age 60 with at least 15 years of creditable service.
- Age 55 if age and creditable service total at least 85 ("Rule of 85").
- Age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position.
- Age 70 with 20 years of creditable service and still active in the PERF-covered position.

Early Retirement Benefit

Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59).

Disability Benefit

An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month).

Survivor Benefit

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment:

Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan (Continued)

Contribution

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 11.2 percent of covered payroll, with 0.44 percent funding a supplemental reserve account for postretirement benefit increases. Contributions from employers with PERF MC DC plan members who offered PERF Hybrid prior to July 1, 2016 fund PERF DB's unfunded liability at 8.0 percent of covered payroll for the State and 7.2 percent for political subdivisions as of June 30, 2022. No member contributions are required.

Benefit Formula & Postretirement Benefit Adjustment

Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the Board. For the year ended June 30, 2022, postretirement benefits of \$4.1 million were issued to members as a COLA.

INPRS Basis of Accounting

The financial statement of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

Use of Estimates

In preparing the financial statements to conform to generally accepted accounting principles, INPRS makes estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates and assumptions.

Employer Allocations

The allocation percentages for the Housing Authority's share of the collective pension amounts as of June 30, 2022 and 2021 was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal years ended June 30, 2022 and 2021, respectively.

At June 30, 2022 (measurement date), the Housing Authority's proportion was 0.0000258 and related wages were reported as \$148,483.

Net Pension Liability

At September 30, 2022 and 2021 (Authority's year-end), the Housing Authority reported a liability of \$81,369 and \$39,607 respectively, for its proportionate share of the net pension liability.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan (Continued)

Defined Benefit Assets

The following Defined Benefits global asset classes, target allocations and target ranges were approved by the Board based on a formal asset-liability study and shall remain in place until revised by the Board. An asset-liability study is conducted every five years. Further information regarding the Investment Policy Statement can be found in the Investment Section.

To maximize the probability of achieving the target rate of return over a 30-year time horizon, INPRS’s Board of Trustees approved a new asset allocation on May 7, 2021 that included the increased use of leverage. The explicit leverage enables the Plan to obtain additional investment exposure, which results in an asset allocation that exceeds 100 percent of invested assets.

Global Asset Classes	Target Allocation	Target Range
Public equity	20.0%	17.0 to 23.0%
Private Markets	15.0	10.0 to 20.0
Fixed Income – Ex Inflation-Linked	20.0	17.0 to 23.0
Fixed Income – Inflation-Linked	15.0	12.0 to 18.0
Commodities	10.0	7.0 to 13.0
Real Estate	10.0	5.0 to 15.0
Absolute Return	5.0	0.0 to 10.0
Risk Parity	20.0	15.0 to 25.0
Total	100.00%	

Discount rate

The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. The discount rate decreased from the 6.75% used on the prior measurement date. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of 11.2% (the current contribution rate) or a rate equal to the actuarially determined contribution rate, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll. The June 30, 2022 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 20-year level dollar closed method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.

In the past several years, the Board has followed its current funding policy and the State has complied in its contributions to the plan. Therefore, if past practice is continued, the appropriations will be sufficient to fully fund the plan within 20 to 30 years. Deterministic projections indicate the actuarially determined contribution rate will decline over the coming years. As a result, it is presumed that the projected plan assets will be sufficient to cover the future benefit payments for current members and a detailed projection of plan assets and cash flows has not been prepared.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES – (Continued)

4A. Pension Plan (Continued)

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

1% Decrease (5.25%)	Discount rate (6.25%)	1% Increase (7.25%)
\$137,462	\$81,369	\$34,583

Pension Expense

For the year ended June 30, 2022, the Authority recognized pension expense of (\$640) 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

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$1,755	\$309
Net difference between projected and actual investment earnings on pension plan investments	10,042	--
Change of assumptions	11,021	3,481
Changes in proportion and differences between Employer contributions and proportionate share of contributions	13,576	16,012
Employer contributions subsequent to June 30, 2022	5,738	--
Total	\$42,132	\$19,802

Amounts reported as deferred outflows/(inflows) of resources related to pension will be recognized in pension expense as follows:

Year ended:	
2023	\$5,968
2024	9,474
2025	(3,736)
2026	10,624
2027	--
Thereafter	--

The Authority’s balance of deferred outflows of resources of \$42,132 will be included as a reduction of the collective net pension liability in future years.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES - (Continued)

4B. Commitments - Construction

At September 30, 2022, the Authority had the following pending Capital Fund project in progress:

	<u>Funds Approved</u>		<u>Funds Expended - Project to Date</u>
CFP 501-19	\$ 224,192	\$	175,404
CFP 501-20	\$ 239,576	\$	41,366

4C. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with US Specialty Insurance Co.
b. Injuries to employees (workers' compensation)	Purchased insurance with US Specialty Insurance Co. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4D. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense and casualty losses and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4E. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 28, 2023 and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
September 30, 2022

NOTE 4 – OTHER NOTES - (Continued)

4F. Contingencies

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. No significant violations of finance-related legal or contractual provisions occurred.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2023 federal budget.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
September 30, 2022

1. Actual Capital Fund Program costs are as follows:

	<u>501-17</u>
Funds approved	\$ 149,719
Funds expended	<u>149,719</u>
Excess of Funds Approved	<u><u>\$ ---</u></u>
Funds advanced	\$ 149,719
Funds expended	<u>149,719</u>
Excess (deficiency) of Funds Advanced	<u><u>\$ ---</u></u>

2. The costs as shown on the Actual Cost Certificate dated November 10, 2022 submitted to HUD for approval is in agreement with the Authority's records as of September 30, 2022.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2022

**Schedule of the Pension Plan's Proportionate Share
of the Net Pension Liability (Asset) and Related Ratios ***

Reporting Date for Employer under GASB 68 as of June 30,	Proportion of Net Pension Liability	Proportionate share of Net Pension Liability	Covered Employee Payroll **	Proportionate share of the Net Pension Liability as a percentage of covered employee payroll	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.004060%	\$ 106,694	\$ 198,156	53.84%	84.29%
2015	0.003840%	\$ 156,399	\$ 183,770	85.11%	77.35%
2016	0.003820%	\$ 173,369	\$ 183,212	94.63%	75.35%
2017	0.004000%	\$ 178,462	\$ 198,375	89.96%	76.65%
2018	0.003870%	\$ 131,466	\$ 197,650	66.51%	78.89%
2019	0.003120%	\$ 103,118	\$ 162,352	63.52%	80.06%
2020	0.002190%	\$ 66,147	\$ 118,058	56.03%	81.45%
2021	0.003010%	\$ 39,607	\$ 165,974	23.86%	92.51%
2022	0.000026%	\$ 81,369	\$ 148,483	54.80%	82.48%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

** Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION – (Continued)
September 30, 2022

Schedule of the Pension Plan's Contributions*

Reporting Date for Employer under GASB 68 as of June 30,	Actuarially determined contribution [A]	Contributions in relation to actuarially determined contribution [B]	Contribution deficiency (excess) [C] = [A] - [B]	Covered employee payroll	Contribution as a percentage covered employees payroll
2014	\$ 20,227	\$ 20,227	-	\$ 198,156	10.21%
2015	\$ 20,399	\$ 20,399	-	\$ 183,770	11.10%
2016	\$ 20,113	\$ 20,113	-	\$ 183,212	10.98%
2017	\$ 22,625	\$ 22,625	-	\$ 198,375	11.41%
2018	\$ 22,137	\$ 22,137	-	\$ 197,650	11.20%
2019	\$ 18,183	\$ 18,183	-	\$ 162,352	11.20%
2020	\$ 13,223	\$ 13,223	-	\$ 118,058	11.20%
2021	\$ 18,589	\$ 18,589	-	\$ 165,974	11.20%
2022	\$ 16,630	\$ 16,630	-	\$ 148,483	11.20%

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE
Year Ended September 30, 2022

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$9,385	\$9,385		\$9,385
112 Cash - Restricted - Modernization and Development	\$45,920	\$45,920		\$45,920
114 Cash - Tenant Security Deposits	\$19,960	\$19,960		\$19,960
100 Total Cash	\$75,265	\$75,265	\$0	\$75,265
126 Accounts Receivable - Tenants	\$11,910	\$11,910		\$11,910
126.1 Allowance for Doubtful Accounts -Tenants	-\$7,146	-\$7,146		-\$7,146
129 Accrued Interest Receivable	\$389	\$389		\$389
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,153	\$5,153	\$0	\$5,153
131 Investments - Unrestricted	\$159,309	\$159,309		\$159,309
142 Prepaid Expenses and Other Assets	\$35,223	\$35,223		\$35,223
143 Inventories	\$27,154	\$27,154		\$27,154
143.1 Allowance for Obsolete Inventories	-\$1,358	-\$1,358		-\$1,358
150 Total Current Assets	\$300,746	\$300,746	\$0	\$300,746
161 Land	\$188,342	\$188,342		\$188,342
162 Buildings	\$6,413,658	\$6,413,658		\$6,413,658
164 Furniture, Equipment & Machinery - Administration	\$164,945	\$164,945		\$164,945
165 Leasehold Improvements	\$239,008	\$239,008		\$239,008
166 Accumulated Depreciation	-\$5,863,514	-\$5,863,514		-\$5,863,514
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,142,439	\$1,142,439	\$0	\$1,142,439
180 Total Non-Current Assets	\$1,142,439	\$1,142,439	\$0	\$1,142,439
200 Deferred Outflow of Resources	\$42,132	\$42,132		\$42,132
290 Total Assets and Deferred Outflow of Resources	\$1,485,317	\$1,485,317	\$0	\$1,485,317
312 Accounts Payable <= 90 Days	\$13,280	\$13,280		\$13,280
321 Accrued Wage/Payroll Taxes Payable	\$3,637	\$3,637		\$3,637
322 Accrued Compensated Absences - Current Portion	\$2,740	\$2,740		\$2,740
333 Accounts Payable - Other Government	\$54,964	\$54,964		\$54,964
341 Tenant Security Deposits	\$19,960	\$19,960		\$19,960
342 Unearned Revenue	\$53,424	\$53,424		\$53,424
346 Accrued Liabilities - Other	\$4,071	\$4,071		\$4,071
310 Total Current Liabilities	\$152,076	\$152,076	\$0	\$152,076
354 Accrued Compensated Absences - Non Current	\$8,554	\$8,554		\$8,554
357 Accrued Pension and OPEB Liabilities	\$81,369	\$81,369		\$81,369
350 Total Non-Current Liabilities	\$89,923	\$89,923	\$0	\$89,923
300 Total Liabilities	\$241,999	\$241,999	\$0	\$241,999
400 Deferred Inflow of Resources	\$19,802	\$19,802		\$19,802
508.4 Net Investment in Capital Assets	\$1,142,439	\$1,142,439		\$1,142,439
512.4 Unrestricted Net Position	\$81,077	\$81,077		\$81,077
513 Total Equity - Net Assets / Position	\$1,223,516	\$1,223,516	\$0	\$1,223,516
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,485,317	\$1,485,317	\$0	\$1,485,317

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended September 30, 2022

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$462,967	\$462,967		\$462,967
70400 Tenant Revenue - Other	\$94,483	\$94,483		\$94,483
70500 Total Tenant Revenue	\$557,450	\$557,450	\$0	\$557,450
70600 HUD PHA Operating Grants	\$254,524	\$254,524		\$254,524
70610 Capital Grants	\$33,708	\$33,708		\$33,708
71100 Investment Income - Unrestricted	\$770	\$770		\$770
71500 Other Revenue	\$72,172	\$72,172		\$72,172
70000 Total Revenue	\$918,624	\$918,624	\$0	\$918,624
91100 Administrative Salaries	\$93,375	\$93,375		\$93,375
91200 Auditing Fees	\$6,400	\$6,400		\$6,400
91400 Advertising and Marketing	\$1,946	\$1,946		\$1,946
91500 Employee Benefit contributions - Administrative	\$14,898	\$14,898		\$14,898
91600 Office Expenses	\$57,432	\$57,432		\$57,432
91700 Legal Expense	\$4,227	\$4,227		\$4,227
91800 Travel	\$308	\$308		\$308
91900 Other	\$26,954	\$26,954		\$26,954
91000 Total Operating - Administrative	\$205,540	\$205,540	\$0	\$205,540
92400 Tenant Services - Other	\$2,745	\$2,745		\$2,745
92500 Total Tenant Services	\$2,745	\$2,745	\$0	\$2,745
93100 Water	\$27,580	\$27,580		\$27,580
93200 Electricity	\$92,724	\$92,724		\$92,724
93300 Gas	\$47,550	\$47,550		\$47,550
93600 Sewer	\$27,051	\$27,051		\$27,051
93000 Total Utilities	\$194,905	\$194,905	\$0	\$194,905
94100 Ordinary Maintenance and Operations - Labor	\$135,110	\$135,110		\$135,110
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,901	\$57,901		\$57,901
94300 Ordinary Maintenance and Operations Contracts	\$127,774	\$127,774		\$127,774
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,773	\$20,773		\$20,773
94000 Total Maintenance	\$341,558	\$341,558	\$0	\$341,558
95200 Protective Services - Other Contract Costs	\$3,523	\$3,523		\$3,523
95000 Total Protective Services	\$3,523	\$3,523	\$0	\$3,523
96110 Property Insurance	\$35,246	\$35,246		\$35,246
96120 Liability Insurance	\$1,596	\$1,596		\$1,596
96130 Workmen's Compensation	\$6,511	\$6,511		\$6,511
96140 All Other Insurance	\$245	\$245		\$245
96100 Total insurance Premiums	\$43,598	\$43,598	\$0	\$43,598
96210 Compensated Absences	\$10,585	\$10,585		\$10,585
96300 Payments in Lieu of Taxes	\$28,335	\$28,335		\$28,335
96400 Bad debt - Tenant Rents	\$20,942	\$20,942		\$20,942
96000 Total Other General Expenses	\$59,862	\$59,862	\$0	\$59,862

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended September 30, 2022

	Project Total	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$851,731	\$851,731	\$0	\$851,731
97000 Excess of Operating Revenue over Operating Expenses	\$66,893	\$66,893	\$0	\$66,893
97200 Casualty Losses - Non-capitalized	\$45,968	\$45,968		\$45,968
97400 Depreciation Expense	\$131,667	\$131,667		\$131,667
90000 Total Expenses	\$1,029,366	\$1,029,366	\$0	\$1,029,366
10010 Operating Transfer In	\$855	\$855	-\$855	\$0
10020 Operating transfer Out	-\$855	-\$855	\$855	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$110,742	-\$110,742	\$0	-\$110,742
11030 Beginning Equity	\$1,334,258	\$1,334,258		\$1,334,258
11190 Unit Months Available	1675	1675		1675
11210 Number of Unit Months Leased	1622	1622		1622
11270 Excess Cash	-\$29,246	-\$29,246		-\$29,246
11640 Furniture & Equipment - Administrative Purchases	\$6,030	\$6,030		\$6,030
11650 Leasehold Improvements Purchases	\$30,128	\$30,128		\$30,128



Audit Solutions, LLC.

Certified Public Accountant

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
Housing Authority of the City of Rockport
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 business-type activities of Housing Authority of the City of Rockport (Authority), Indiana, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 28, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 a 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 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

March 28, 2023



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Rockport
Rockport, Indiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Rockport (Authority) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

I compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit for the Authority as of and for the year ended September 30, 2022 and have issued my reports thereon dated March 28, 2023. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of the audit. Further, my opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated March 28, 2023, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package, which includes the auditor's report, is available in its entirety from the Authority. I have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report was intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Audit Solutions, LLC

Chesterfield, Missouri
March 28, 2023

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

AGREED UPON PROCEDURES

September 30, 2022

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs, if applicable	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	√
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES
September 30, 2022

The current audit report for the year ended September 30, 2022 disclosed no audit finding.