



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 1, 2024

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

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, 2022 to September 30, 2023. 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, 2023, 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 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, 2023

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	i-vi
Basic Financial Statements:	
Statement of Net Position	4-5
Statement of Revenue, Expenses and Changes in Net Position	6
Statement of Cash Flows	7-8
Notes to the Basic Financial Statements	9-23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Pension Plan's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios	24
Schedule of Pension Plan Contributions	25
SUPPLEMENTAL INFORMATION	
PHA's Statement of Certification of Actual Modernization Costs	26
Schedule of Expenditures of Federal Awards	27
Financial Data Schedule	28-30
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	31-32
Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	33-34
Independent Auditor's Report on Applying Agreed-Upon Procedures	35-36
Schedule of Findings and Questioned Costs	37



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, 2023, 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, 2023, 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 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 24 and the schedule of pension plan contributions on page 25 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 are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also 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, PHA's Statement of Certification of Actual Modernization Cost and the Schedule of Expenditures of Federal Awards 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 21, 2024, 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 21, 2024

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
September 30, 2023

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, 2023. 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, 2023, was \$1,625,692. The net position increased by \$402,176, an increase of 32.9% over the prior year.
- Revenues for the Authority were \$1,479,253 for the year ended September 30, 2023. This was an increase of \$560,629 or 61.0% over the prior year.
- Expenses for the Authority were \$1,077,077 for the year ended September 30, 2023. This was an increase of \$47,711 or 4.6% over the prior year.
- Tenant revenue for the Authority was \$578,586 or 39.1% of total revenues for the year ended September 30, 2023. This was an increase of \$21,136 or 3.8% over the prior year.
- Governmental grants and subsidy for the Authority was \$689,136 or 46.6% of total revenues for the year ended September 30, 2023. This was an increase of \$434,612 or 170.8% over the prior year.
- Capital contributions for the Authority was \$162,600 or 11.0% of total revenues for the year ended September 30, 2023. This was an increase of \$128,892 or 382.4% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. 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, 2023

OVERVIEW OF THE 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, 2023, 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 \$1,625,692 at the close of the year ended September 30, 2023, up from \$1,223,516 in fiscal year 2022. The increase in net position of \$402,176 was due to the reasons noted below.

- Current assets were \$614,885 or 34.0% of total assets for FY 2023 and include cash, investments, receivables, prepaid expenses, and materials inventory. The increase of \$314,139 in current assets was primarily due to an increase in receivables of \$236,845, and an increase in cash and investments of \$63,591.
- Capital assets were \$1,193,953 or 66.0% of total assets for FY 2023 and increased \$51,514 from FY 2022. The increase in capital assets was the result of current year capital asset additions exceeding current year depreciation expense. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflows increased \$21,823 or 51.8% from FY 2022.
- Current liabilities decreased \$44,024 or 28.9% from FY 2022 mainly due to a \$42,560 decrease in unearned revenue.
- Noncurrent liabilities increased \$43,812 due to a \$38,981 increase in net pension liability and a \$4,831 increase in noncurrent portion of accrued compensated absences.
- Deferred inflows decreased \$14,488 or 73.2% from FY 2022.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2023

FINANCIAL ANALYSIS – (Continued)

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current assets	\$ 614,885	\$ 300,746	\$ 314,139	104.5%
Capital assets	<u>1,193,953</u>	<u>1,142,439</u>	<u>51,514</u>	4.5%
Total Assets	<u>1,808,838</u>	<u>1,443,185</u>	<u>365,653</u>	25.3%
Deferred Outflows	<u>63,955</u>	<u>42,132</u>	<u>21,823</u>	51.8%
TOTAL	\$ <u>1,872,793</u>	\$ <u>1,485,317</u>	\$ <u>387,476</u>	26.1%
Current liabilities	\$ 108,052	\$ 152,076	\$ (44,024)	-28.9%
Noncurrent liabilities	<u>133,735</u>	<u>89,923</u>	<u>43,812</u>	48.7%
Total Liabilities	<u>241,787</u>	<u>241,999</u>	<u>(212)</u>	-0.1%
Deferred Inflows	<u>5,314</u>	<u>19,802</u>	<u>(14,488)</u>	-73.2%
Net Position				
Net investment in capital assets	1,193,953	1,142,439	51,514	4.5%
Unrestricted	<u>431,739</u>	<u>81,077</u>	<u>350,662</u>	432.5%
Total Net Position	<u>1,625,692</u>	<u>1,223,516</u>	<u>\$ 402,176</u>	32.9%
TOTAL	\$ <u>1,872,793</u>	\$ <u>1,485,317</u>	\$ <u>387,476</u>	26.1%

The unrestricted net position was \$431,739 as of September 30, 2023. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for five months. 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 \$560,629 due to the reasons noted below.

- Tenant revenue increased \$21,136 or 3.8% from FY 2022 primarily due to an increase in average dwelling rental charge per unit of \$6.97 or 2.4%. The average dwelling rental charge per unit was \$292.40 in FY 2023, up from \$285.43 in FY 2022.
- Governmental grants and subsidy increased \$434,612 from FY 2022 due to a \$384,504 increase in capital funds utilized for operating expenditures and a \$50,108 increase in funding for Public Housing Operating Subsidy.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2023

FINANCIAL ANALYSIS – (Continued)

- Capital contributions increased \$128,892 from FY 2022. 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 decreased \$24,113 from FY 2022 primarily due to a \$15,357 decrease in other income and an \$8,579 decrease in insurance proceeds received from casualty loss.
- Investment income increased \$102 from FY 2022.

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

	FY 2023	FY 2022	Dollar Change	Percent Change
Revenues				
Operating - non-operating - capital contributions:				
Tenant revenue	\$ 578,586	\$ 557,450	\$ 21,136	3.8%
Governmental grants and subsidy	689,136	254,523	434,613	170.8%
Capital Contributions	162,600	33,709	128,891	382.4%
Miscellaneous revenue	48,059	72,172	(24,113)	-33.4%
Investment income	872	770	102	13.2%
Total Revenues	1,479,253	918,624	560,629	61.0%
Expenses				
Administrative	256,336	205,540	50,796	24.7%
Tenant services	3,158	2,745	413	15.0%
Utilities	184,376	194,905	(10,529)	-5.4%
Ordinary maintenance & operation	394,787	341,558	53,229	15.6%
Protective services	-	3,523	(3,523)	-100.0%
Insurance	50,262	43,598	6,664	15.3%
General	51,459	59,862	(8,403)	-14.0%
Non routine maintenance	12,478	45,968	(33,490)	-72.9%
Depreciation expense	124,221	131,667	(7,446)	-5.7%
Total Expenses	1,077,077	1,029,366	47,711	4.6%
Changes in net position	402,176	(110,742)	512,918	
Net position, beginning of year	1,223,516	1,334,258	(110,742)	
Net position, end of year	\$ 1,625,692	\$ 1,223,516	\$ 402,176	

Total expenses increased \$47,711 due to the reasons noted below.

- Administrative expenses were \$256,336 or 23.8% of total expenses for FY 2023 and increased \$50,796 or 24.7% from FY 2022. The increase in administrative expenses was mainly due to an increase in administrative wages and benefits of \$29,162 or 26.9% and an increase in office and other administrative expenses of \$21,499 or 25.5%.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2023

FINANCIAL ANALYSIS – (Continued)

- Tenant services increased \$413 from FY 2022.
- Utilities were \$184,376 or 17.2% of total expenses for FY 2023 and decreased \$10,529 or 5.4% from 2022. The decrease in utility expenses was primarily due to a decrease in gas expenses of \$6,145 or 12.9% and a decrease in water and sewer of \$1,915 or 3.5%.
- Ordinary maintenance and operations totaled \$394,787 for FY 2023 or 36.6% of total expenses and increased \$53,229 or 15.6% from FY 2022. The increase in ordinary maintenance and operations was due to an increase in services contracted for repairs and maintenance of \$36,508 or 28.6%, and an increase in maintenance labor and benefits of \$20,462 or 13.1%. This was partially offset by a decrease in maintenance materials of \$3,741.
- Protective services decreased \$3,523 from FY 2022.
- Insurance expenses totaled \$50,262 for FY 2023 or 4.7% of total expenses. The increase in insurance of \$6,664 was mainly due to an increase in property and liability insurance of \$8,247 or 22.4%. This was partially offset by a decrease in workers’ compensation insurance of \$1,583 or 24.3%.
- General expenses were \$51,459 for FY 2023 or 4.8% of total expenses. The decrease in general expenses of \$8,403 was due to a decrease in tenant bad debt expense of \$20,503. This was partially offset by a \$11,488 increase in compensated absences and a \$612 increase in accrued payments in lieu of taxes.
- The Authority had non-routine maintenance of \$12,478 in FY 2023 and \$45,968 in FY 2022 for casualty loss expenditures.
- The Authority had a \$7,446 or 5.7% decrease in depreciation, which is the write-off of capital assets over their estimated useful life. Depreciation totaled \$124,221 for FY 2023 or 11.6% of total expenses.

The Public Housing occupancy rate for fiscal year ended September 30, 2023, was 93.0%, down from 95.9% in FY 2022. 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, 2023, amounts to \$1,193,953 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

Capital Assets – The total increase in the Authority’s capital assets for the current fiscal year was 4.5% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$175,735 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 \$124,221. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$1,142,439	\$175,735	\$(124,221)	\$0	\$1,193,953

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - (Continued)
September 30, 2023

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 2024 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, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$	118,674
Cash - restricted		19,022
Investments		160,469
Receivables - net of allowances		241,998
Inventory - net of allowances		31,639
Prepaid expenses		<u>43,083</u>

Total Current Assets 614,885

Non-current Assets:

Capital assets:

Land and construction in progress		188,342
Other capital assets, net of depreciation		<u>1,005,611</u>

Total capital assets - net 1,193,953

Total Non-current Assets 1,193,953

Total Assets 1,808,838

DEFERRED OUTFLOWS OF RESOURCES

Accrued pension		<u>63,955</u>
-----------------	--	---------------

Total Deferred Outflow of Resources 63,955

Total Assets and Deferred Outflow of Resources \$ 1,872,793

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

STATEMENT OF NET POSITION - (Continued)
September 30, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$	64,097
Accrued salaries and benefits		5,146
Tenant security deposit liability		19,022
Accrued compensated absences		8,923
Unearned revenues		<u>10,864</u>

Total Current Liabilities 108,052

Non-current Liabilities:

Compensated absences		13,385
Non-current liabilities - Other		<u>120,350</u>

Total Non-current Liabilities 133,735

Total Liabilities 241,787

DEFERRED INFLOWS OF RESOURCES

Accrued pension		<u>5,314</u>
-----------------	--	--------------

Total Deferred Inflow of Resources 5,314

NET POSITION

Net investment in capital assets		1,193,953
Unrestricted		<u>431,739</u>

Total Net Position 1,625,692

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 1,872,793

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, 2023

OPERATING REVENUES	
Tenant revenue	\$ 578,586
Governmental grants and subsidy	689,136
Miscellaneous	<u>48,059</u>
 Total operating revenue	 <u>1,315,781</u>
 OPERATING EXPENSES	
Administrative	256,336
Tenant services	3,158
Utilities	184,376
Ordinary maintenance and operations	394,787
Insurance	50,262
General	51,459
Non routine maintenance	12,478
Depreciation expense	<u>124,221</u>
 Total operating expenses	 <u>1,077,077</u>
 Operating income (loss)	 <u>238,704</u>
 NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>872</u>
 Net non-operating revenues (expenses)	 <u>872</u>
 Income (loss) before contributions and transfers	 <u>239,576</u>
 Capital contributions	 <u>162,600</u>
 Change in net position	 402,176
Total net position - beginning of year	<u>1,223,516</u>
 Total net position - end of year	 \$ <u><u>1,625,692</u></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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$ 584,629
Received from governmental grants and subsidy	402,011
Received from other operating activities	48,059
Payments for goods and services	(581,814)
Payments to employees	(320,660)
Payment in lieu of taxes	<u>(56,671)</u>

Net cash provided by (used in) operating activities 75,554

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions	162,600
Purchases of capital assets	<u>(175,735)</u>

Net cash provided by (used in) capital and related financing activities (13,135)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments	(1,160)
Receipts of interest and dividends	<u>1,172</u>

Net cash provided by (used in) investing activities 12

Net increase (decrease) in cash and cash equivalents 62,431

Cash and cash equivalents at beginning of year 75,265

Cash and cash equivalents at end of year \$ 137,696

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, 2023

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

Operating income (loss)	\$	238,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		124,221
Change in assets and liabilities:		
Receivables, net		(237,145)
Inventories, net		(5,843)
Prepaid expenses		(29,683)
Accounts and other payables		29,756
Tenant security deposit		(938)
Unearned revenues		(57,048)
Compensated absences		11,014
Accrued expenses		<u>2,516</u>
Net cash provided by (used) by operating activities	\$	<u><u>75,554</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, 2023

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 the 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, 2023

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 requires 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, 2023

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 HUD, 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 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, 2023

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 reports 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 reports 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, 2023

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, 2023, 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, 2023

NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed 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, 2023, the Authority had the following cash deposits and investments:

Cash deposits	\$ 137,496
Petty cash	200
Investments	<u>160,469</u>
Total	<u>\$ 298,165</u>

Following is a reconciliation of the Authority's deposit balances as of September 30, 2023:

Cash and cash equivalents	\$ 118,674
Restricted assets	19,022
Investments	<u>160,469</u>
Total	<u>\$ 298,165</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, 2023, the Authority's bank balances of \$182,291 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, 2023, the Authority's investment balance of \$160,469 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, 2023

NOTE 3 – DETAILED 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, 2023, the concentration of the Authority's investment (excluding cash deposits) was as follows:

Type of Investment	Market Value	Maturity Date
Certificate of Deposit	\$ 80,169	7/11/2024
Certificate of Deposit	80,300	7/11/2024
Total	\$ 160,469	

3B. Restricted Assets

Restricted assets at September 30, 2023 consist of the following:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
Security deposit	\$ 19,022	\$ ----	\$ ----	\$ 19,022

3C. Accounts Receivable

Receivables on September 30, 2023, consist of the following:

Tenant account receivable	\$ 7,704
Allowance for doubtful account	(7,000)
Tenants - net of allowance	704
HUD	241,205
Accrued interest	89
Total Accounts Receivable	\$ 241,998

3D. Inventory

Inventory on September 30, 2023, comprised of the following:

Inventory	\$ 33,304
Less: Allowance for obsolete inventory	(1,665)
Inventory - net of allowance	\$ 31,639

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
September 30, 2023

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

3E. Capital Assets

A summary of capital asset activity for the year ended September 30, 2023, is as follows:

	Balance October 1, 2022	Additions	(Retirement)	Balance September 30, 2023
Non-depreciable assets:				
Land	\$ 188,342	\$ -	\$ -	\$ 188,342
Total non-depreciable assets	188,342	-	-	188,342
Depreciable assets:				
Building	6,413,658	175,735	-	6,589,393
Equipment - administration	164,945	-	-	164,945
Leasehold improvements	239,008	-	-	239,008
Total depreciable assets	6,817,611	175,735	-	6,993,346
Accumulated depreciation	(5,863,514)	(124,221)	-	(5,987,735)
Total depreciable assets, net	954,097	51,514	-	1,005,611
Capital assets, net	\$ 1,142,439	\$ 51,514	\$ -	\$ 1,193,953

Depreciation expense is charged to programs as follows:

Business-type Activities	
Public and Indian Housing	\$ 104,465
Public Housing Capital Fund	19,756
Total depreciation expense	\$ 124,221

3F. Accounts Payable

Accounts payable on September 30, 2023, consist of the following:

Vendors & contractors	\$ 23,619
Accrued utilities	5,078
Other current liabilities - CFP	8,160
PILOT	27,240
Total Accounts Payable	\$ 64,097

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
September 30, 2023

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

3G. Non-Current Liabilities

Non-current liabilities at September 30, 2023 consists of the following:

Accrued compensated absences	\$ 13,385
Net pension liability	<u>120,350</u>
Total	\$ <u>133,735</u>

Changes in non-current liabilities

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

<u>Description</u>	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2023</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 8,554	\$ 4,831	\$ ---	\$ 13,385	\$ 8,923
Net Pension Liability	<u>81,369</u>	<u>38,981</u>	<u>---</u>	<u>120,350</u>	<u>---</u>
Total	\$ <u>89,923</u>	\$ <u>43,812</u>	\$ <u>---</u>	\$ <u>133,735</u>	\$ <u>8,923</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	\$ 378,569	\$ -
Public Housing Capital Fund	<u>-</u>	<u>(378,569)</u>
Total	\$ <u>378,569</u>	\$ <u>(378,569)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
September 30, 2023

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, 2023

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% of covered payroll, with 0.72% from July 2022 to December 2022 and 0.66% from January 2023 to June 2023 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 7.5% of covered payroll for the State and 6.8% for political subdivisions as of June 30, 2023. 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, 2023, 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, 2023, and 2022 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, 2023, and 2022, respectively.

At June 30, 2023, (measurement date), the Housing Authority's proportion was 0.0000341 and related wages were reported as \$214,164.

Net Pension Liability

At September 30, 2023 and 2022 (Authority's year-end), the Housing Authority reported a liability of \$120,350 and \$81,369 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, 2023

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 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, 2023, 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, 2023

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%)
\$196,133	\$120,350	\$57,163

Pension Expense

For the year ended June 30, 2023, the Authority recognized pension expense of \$26,885 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, 2023, 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	\$2,462	--
Net difference between projected and actual investment earnings on pension plan investments	27,585	--
Change of assumptions	6,563	--
Changes in proportion and differences between Employer contributions and proportionate share of contributions	21,378	5,314
Employer contributions subsequent to June 30, 2023	5,967	--
Total	\$63,955	\$5,314

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

Year ended:	
2024	\$27,437
2025	5,654
2026	21,792
2027	3,758
2028	--
Thereafter	--

The Authority’s balance of deferred outflows of resources of \$63,955 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, 2023

NOTE 4 – OTHER NOTES - (Continued)

4B. Commitments - Construction

At September 30, 2023, the Authority had the following pending Capital Fund project in progress:

	<u>Funds</u>		<u>Funds Expended -</u>	
	<u>Approved</u>		<u>Project to Date</u>	
CFP 501-19	\$ 224,192	\$	213,067	
CFP 501-20	\$ 239,576	\$	239,576	
CFP 501-21	\$ 252,155	\$	1,278	
CFP 501-22	\$ 310,873	\$	113,804	
CFP 501-23	\$ 310,314	\$	190,000	

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 21, 2024, 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, 2023

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 2024 federal budget.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

**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%
2023	0.000034%	\$ 120,350	\$ 214,164	56.20%	61.83%

* 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, 2023

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%
2023	\$ 23,986	\$ 23,986	-	\$ 214,164	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

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
September 30, 2023

1. Actual Capital Fund Program costs are as follows:

		501-22-E
Funds approved	\$	7,004
Funds expended		7,004
Excess of Funds Approved	\$	---
Funds advanced	\$	7,004
Funds expended		7,004
Excess (deficiency) of Funds Advanced	\$	---

2. The costs as shown on the Actual Cost Certificate dated January 4, 2024, submitted to HUD for approval is in agreement with the Authority's records as of September 30, 2023.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2023

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 303,777
Public Housing Capital Fund	14.872	547,959
		<hr/>
Total Expenditures of Federal Awards		\$ <u><u>851,736</u></u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Rockport, Indiana (Authority) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE
Year Ended September 30, 2023

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$118,674	\$118,674		\$118,674
114 Cash - Tenant Security Deposits	\$19,022	\$19,022		\$19,022
100 Total Cash	\$137,696	\$137,696	\$0	\$137,696
122 Accounts Receivable - HUD Other Projects	\$241,205	\$241,205		\$241,205
126 Accounts Receivable - Tenants	\$7,704	\$7,704		\$7,704
126.1 Allowance for Doubtful Accounts -Tenants	-\$7,000	-\$7,000		-\$7,000
129 Accrued Interest Receivable	\$89	\$89		\$89
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$241,998	\$241,998	\$0	\$241,998
131 Investments - Unrestricted	\$160,469	\$160,469		\$160,469
142 Prepaid Expenses and Other Assets	\$43,083	\$43,083		\$43,083
143 Inventories	\$33,304	\$33,304		\$33,304
143.1 Allowance for Obsolete Inventories	-\$1,665	-\$1,665		-\$1,665
150 Total Current Assets	\$614,885	\$614,885	\$0	\$614,885
161 Land	\$188,342	\$188,342		\$188,342
162 Buildings	\$6,589,393	\$6,589,393		\$6,589,393
164 Furniture, Equipment & Machinery - Administration	\$164,945	\$164,945		\$164,945
165 Leasehold Improvements	\$239,008	\$239,008		\$239,008
166 Accumulated Depreciation	-\$5,987,735	-\$5,987,735		-\$5,987,735
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,193,953	\$1,193,953	\$0	\$1,193,953
180 Total Non-Current Assets	\$1,193,953	\$1,193,953	\$0	\$1,193,953
200 Deferred Outflow of Resources	\$63,955	\$63,955		\$63,955
290 Total Assets and Deferred Outflow of Resources	\$1,872,793	\$1,872,793	\$0	\$1,872,793
312 Accounts Payable <= 90 Days	\$23,619	\$23,619		\$23,619
321 Accrued Wage/Payroll Taxes Payable	\$5,146	\$5,146		\$5,146
322 Accrued Compensated Absences - Current Portion	\$8,923	\$8,923		\$8,923
333 Accounts Payable - Other Government	\$27,240	\$27,240		\$27,240
341 Tenant Security Deposits	\$19,022	\$19,022		\$19,022
342 Unearned Revenue	\$10,864	\$10,864		\$10,864
345 Other Current Liabilities	\$8,160	\$8,160		\$8,160
346 Accrued Liabilities - Other	\$5,078	\$5,078		\$5,078
310 Total Current Liabilities	\$108,052	\$108,052	\$0	\$108,052
354 Accrued Compensated Absences - Non Current	\$13,385	\$13,385		\$13,385
357 Accrued Pension and OPEB Liabilities	\$120,350	\$120,350		\$120,350
350 Total Non-Current Liabilities	\$133,735	\$133,735	\$0	\$133,735
300 Total Liabilities	\$241,787	\$241,787	\$0	\$241,787
400 Deferred Inflow of Resources	\$5,314	\$5,314		\$5,314
508.4 Net Investment in Capital Assets	\$1,193,953	\$1,193,953		\$1,193,953
512.4 Unrestricted Net Position	\$431,739	\$431,739		\$431,739
513 Total Equity - Net Assets / Position	\$1,625,692	\$1,625,692	\$0	\$1,625,692
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,872,793	\$1,872,793	\$0	\$1,872,793

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended September 30, 2023

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$460,239	\$460,239		\$460,239
70400 Tenant Revenue - Other	\$118,347	\$118,347		\$118,347
70500 Total Tenant Revenue	\$578,586	\$578,586	\$0	\$578,586
70600 HUD PHA Operating Grants	\$689,136	\$689,136		\$689,136
70610 Capital Grants	\$162,600	\$162,600		\$162,600
71100 Investment Income - Unrestricted	\$872	\$872		\$872
71500 Other Revenue	\$48,059	\$48,059		\$48,059
70000 Total Revenue	\$1,479,253	\$1,479,253	\$0	\$1,479,253
91100 Administrative Salaries	\$102,741	\$102,741		\$102,741
91200 Auditing Fees	\$6,790	\$6,790		\$6,790
91400 Advertising and Marketing	\$2,662	\$2,662		\$2,662
91500 Employee Benefit contributions - Administrative	\$34,694	\$34,694		\$34,694
91600 Office Expenses	\$73,253	\$73,253		\$73,253
91700 Legal Expense	\$3,445	\$3,445		\$3,445
91800 Travel	\$119	\$119		\$119
91900 Other	\$32,632	\$32,632		\$32,632
91000 Total Operating - Administrative	\$256,336	\$256,336	\$0	\$256,336
92400 Tenant Services - Other	\$3,158	\$3,158		\$3,158
92500 Total Tenant Services	\$3,158	\$3,158	\$0	\$3,158
93100 Water	\$29,017	\$29,017		\$29,017
93200 Electricity	\$90,255	\$90,255		\$90,255
93300 Gas	\$41,405	\$41,405		\$41,405
93600 Sewer	\$23,699	\$23,699		\$23,699
93000 Total Utilities	\$184,376	\$184,376	\$0	\$184,376
94100 Ordinary Maintenance and Operations - Labor	\$130,965	\$130,965		\$130,965
94200 Ordinary Maintenance and Operations - Materials and Other	\$54,160	\$54,160		\$54,160
94300 Ordinary Maintenance and Operations Contracts	\$164,282	\$164,282		\$164,282
94500 Employee Benefit Contributions - Ordinary Maintenance	\$45,380	\$45,380		\$45,380
94000 Total Maintenance	\$394,787	\$394,787	\$0	\$394,787
96110 Property Insurance	\$43,193	\$43,193		\$43,193
96120 Liability Insurance	\$1,896	\$1,896		\$1,896
96130 Workmen's Compensation	\$4,928	\$4,928		\$4,928
96140 All Other Insurance	\$245	\$245		\$245
96100 Total insurance Premiums	\$50,262	\$50,262	\$0	\$50,262
96210 Compensated Absences	\$22,073	\$22,073		\$22,073
96300 Payments in Lieu of Taxes	\$28,947	\$28,947		\$28,947
96400 Bad debt - Tenant Rents	\$439	\$439		\$439
96000 Total Other General Expenses	\$51,459	\$51,459	\$0	\$51,459
96900 Total Operating Expenses	\$940,378	\$940,378	\$0	\$940,378

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended September 30, 2023

97000 Excess of Operating Revenue over Operating Expenses	\$538,875	\$538,875	\$0	\$538,875
	Project Total	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized	\$12,478	\$12,478		\$12,478
97400 Depreciation Expense	\$124,221	\$124,221		\$124,221
90000 Total Expenses	\$1,077,077	\$1,077,077	\$0	\$1,077,077
10010 Operating Transfer In	\$378,569	\$378,569	-\$378,569	\$0
10020 Operating transfer Out	-\$378,569	-\$378,569	\$378,569	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$402,176	\$402,176	\$0	\$402,176
11030 Beginning Equity	\$1,223,516	\$1,223,516		\$1,223,516
11190 Unit Months Available	1675	1675		1675
11210 Number of Unit Months Leased	1622	1622		1622
11270 Excess Cash	\$354,312	\$354,312		\$354,312
11620 Building Purchases	\$175,735	\$175,735		\$175,735



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 the Housing Authority of the City of Rockport (Authority), Indiana, as of and for the year ended September 30, 2023, 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 21, 2024.

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 (internal control) 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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 21, 2024



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Housing Authority of the City of Rockport (Authority), Indiana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri
March 21, 2024



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 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 OMB Uniform Guidance 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 in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended September 30, 2023, and have issued my report thereon dated March 21, 2024. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated March 21, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. I have not performed any additional 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 is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, PIH-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 21, 2024

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

AGREED UPON PROCEDURES

September 30, 2023

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
<u>Identification of Major programs:</u>	
➤ ALN #14.870 Public and Indian Housing	
➤ ALN #14.872 Public Housing Capital Fund	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

The current audit report for the year ended September 30, 2023, disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended September 30, 2023, disclosed no Federal Awards audit finding and questioned costs.