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November 14, 2018

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

We have reviewed the audit report of the City of Rome City Housing Authority which was opined on by Goldie Roberts, CPA, Independent Public Accountant, for the period July 1, 2016 to June 30, 2017. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of City of Rome City Housing Authority as of June 30, 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF ROME CITY

AUDITED FINANCIAL STATEMENTS

Rome City, Indiana

June 30, 2017

Goldie Roberts

Certified Public Accountant

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

870 Cinderella Court
Decatur, GA 30033
404-297-9881

HOUSING AUTHORITY
OF THE CITY OF
ROME CITY

Rome City, Indiana
JUNE 30, 2017

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Housing Authority of the City of Rome City ("the Authority") which comprise the Statement of Net Position as of June 30, 2017, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Rome City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Rome City as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through vii and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 21 through 22 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 23, 2018 on my consideration of the Housing Authority of the City of Rome City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Rome City's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 23, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

This section of the Housing Authority of the City of Rome City, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2017. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2017 was \$1,085,105. The net position decreased by \$51,094, a decrease of 4.5% from the prior year.
- Revenues for the Authority were \$263,278 for the year ended June 30, 2017. This was a decrease of \$9,636 or 3.5% from the prior year.
- Expenses for the Authority were \$314,372 for the year ended June 30, 2017. This was an increase of \$365 or 0.1% over the prior year.
- Rental income for the Authority was \$100,022 for the year ended June 30, 2017, an increase of \$392 or 0.4% over the prior year.
- Federal operating grants for the Authority was \$162,984 for the year ended June 30, 2017. This was a decrease of \$10,057 or 5.8% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

HUD Reporting

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2017 and is required to be included in the audit reporting package.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,085,105 at the close of the year ended June 30, 2017, down from \$1,136,199 in fiscal year 2016. The decrease in net position of \$51,094 was due to the reasons noted below.

- Current assets include cash, receivables, and prepaid expenses. Of the \$14,937 increase in this category, cash decreased \$4,337, receivables increased \$18,713, and prepaid expenses increased \$561.
- Capital assets decreased \$54,348 because current year depreciation exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Deferred outflow of resources were \$52,827 as of June 30, 2017, an increase of \$7,440 or 16.4% from FY 2016.
- Current liabilities increased \$5,359 mainly due to an increase in accrued wages and payroll taxes payable of \$1,461 or 7.2% and an increase in accrued payments in lieu of taxes of \$5,798 or 51.1%.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 122,980	\$ 108,043	\$ 14,937	13.8%
Capital assets, net	1,041,275	1,095,623	(54,348)	-5.0%
TOTAL ASSETS	<u>\$ 1,164,255</u>	<u>\$ 1,203,666</u>	<u>\$ (39,411)</u>	-3.3%
 Deferred Outflow of Resources	 <u>\$ 52,827</u>	 <u>\$ 45,387</u>	 <u>\$ 7,440</u>	 16.4%
LIABILITIES				
Current liabilities	\$ 50,154	\$ 44,795	\$ 5,359	12.0%
Noncurrent liabilities	76,246	61,501	14,745	24.0%
TOTAL LIABILITIES	<u>\$ 126,400</u>	<u>\$ 106,296</u>	<u>\$ 20,104</u>	18.9%
 Deferred Inflow of Resources	 <u>\$ 5,577</u>	 <u>\$ 6,558</u>	 <u>\$ (981)</u>	 -15.0%
NET POSITION				
Investment in capital assets	\$ 1,041,275	\$ 1,095,623	\$ (54,348)	-5.0%
Unrestricted	43,830	40,576	3,254	8.0%
TOTAL NET POSITION	<u>\$ 1,085,105</u>	<u>\$ 1,136,199</u>	<u>\$ (51,094)</u>	-4.5%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS (CONTINUED)

- Noncurrent liabilities increased \$14,745 from FY 2016 due to an increase in net pension liability.
- Deferred inflow of resources were \$5,577 as of June 30, 2017, a decrease of \$981 or 15.0% from FY 2016.

The unrestricted net position was \$43,830 as of June 30, 2017. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for two months. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

The 2009 approved capital grant (501-09) totals \$67,006 and was 93.9% expended as of June 30, 2017. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/17, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 41,006	100.0%	Operations
1460	\$ 26,000	84.2%	Dwelling Structures

The 2014 approved capital grant (501-14) totals \$51,998 and was 61.5% expended as of June 30, 2017. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/17, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 31,998	100.0%	Operations
1460	\$ 20,000	0.0%	Dwelling Structures

The 2015 approved capital grant (501-15) totals \$52,688 and was 90.2% expended as of June 30, 2017. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/17, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 52,688	90.2%	Operations

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS (CONTINUED)

The 2016 approved capital grant (501-16) totals \$54,851 and was not started as of June 30, 2017. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/17, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 41,687	0.0%	Operations
1408	\$ 7,679	0.0%	Management Improvements
1410	\$ 5,485	0.0%	Administration

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 decreased \$9,636 due to the reasons noted below.

- Rental income increased \$392 or 0.4% from FY 2016.
- Of the \$10,057 decrease in federal operating grants, public housing operating subsidy decreased \$2,557 and capital fund grants used for operating expenditures decreased \$7,500.
- Interest income decreased \$21 or 8.6% from FY 2016.
- Other income increased \$50 from FY 2016.

Total expenses increased \$365 due to the reasons noted below.

- Administrative expense increased \$2,285 or 3.1% from FY 2016.
- Of the \$3,671 decrease in utilities, water increased \$35 or 0.1%, electricity decreased \$385 or 2.8%, gas decreased \$2,776 or 45.8%, and other utilities decreased \$545 or 33.4%.
- Ordinary maintenance and operation decreased \$8,264 or 10.1% due to a decrease in maintenance materials of \$6,536 or 36.7% and a decrease in contracted maintenance services of \$2,187 or 9.9%. This was partially offset by an increase in maintenance labor and benefits of \$459 or 1.1%.
- General expense increased \$12,243 or 26.1% primarily due to an \$11,995 increase in tenant bad debt expense.
- The Authority had a \$2,228 or 3.4% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.

The Low Rent Public Housing occupancy rate for fiscal year June 30, 2017 was 95.3%, down from 96.3% in FY 2016. The Authority currently has 50 Public Housing units.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS (CONTINUED)

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

	FY 2017	FY 2016	Dollar Change	Percent Change
REVENUES				
Operating - non-operating - capital contributions:				
Rental income	\$ 100,022	\$ 99,630	\$ 392	0.4%
Federal operating grants	162,984	173,041	(10,057)	-5.8%
Interest income	222	243	(21)	-8.6%
Other income	50	0	50	100.0%
TOTAL REVENUES	263,278	272,914	(9,636)	-3.5%
EXPENSES				
Administrative	76,160	73,875	2,285	3.1%
Utilities	41,932	45,603	(3,671)	-8.0%
Ordinary maintenance and operation	73,520	81,784	(8,264)	-10.1%
General expense	59,087	46,844	12,243	26.1%
Depreciation expense	63,673	65,901	(2,228)	-3.4%
TOTAL EXPENSES	314,372	314,007	365	0.1%
CHANGE IN NET POSITION	(51,094)	(41,093)	(10,001)	
NET POSITION				
NET POSITION - BEG OF YEAR	1,136,199	1,177,292	(41,093)	
NET POSITION - END OF YEAR	\$ 1,085,105	\$ 1,136,199	\$ (51,094)	

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSETS

Capital Assets - The Housing Authority of the City of Rome City, Indiana's investment in capital assets, as of June 30, 2017 amounts to \$1,041,275. The investment in capital assets includes land, buildings, improvements, equipment, construction in progress, and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 5.0% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$9,325 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 \$63,673. The Authority has \$84,136 available in capital funds to draw down and spend in the future. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$1,095,623	\$9,325	\$(63,673)	\$1,041,275

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 2018 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Cara Babyak-Sisson, Executive Director, Housing Authority of the City of Rome City, 500 Front Street, P.O. Box 415, Rome City, Indiana 46784, telephone number (260) 854-4122.

FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 53,300
Restricted cash and cash equivalents	7,471
Accounts receivable, net	60,647
Prepaid expenses	1,562
Total Current Assets	122,980

Capital Assets

Land and other nondepreciable assets	586,777
Depreciable capital assets, net	454,498
Total Capital Assets	1,041,275

Total Assets **1,164,255**

Deferred outflow of resources

Pension related	52,827
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Total Assets and Deferred Outflow of Resources **1,217,082**

LIABILITIES

Current liabilities

Accounts payable	1,088
Accrued liabilities	41,181
Unearned revenue	4,511
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	3,374
Total Current Liabilities	50,154

Noncurrent liabilities

Net Pension Liability	76,246
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Total Liabilities **126,400**

Deferred inflow of resources

Pension related	5,577
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NET POSITION

Investment in capital assets	1,041,275
Unrestricted	43,830
Total Net Position	\$ 1,085,105

The accompanying notes are an integral part of these financial statements

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

<u>OPERATING REVENUES</u>	
Rental income	\$ 100,022
Other income	50
	100,072
<u>OPERATING EXPENSES</u>	
Administrative	82,124
Utilities	41,932
Ordinary maintenance and operation	73,520
General expense	53,123
Depreciation expense	63,673
	314,372
OPERATING INCOME (LOSS)	(214,300)
<u>NONOPERATING REVENUES</u>	
Federal operating grants	162,984
Interest income	222
	163,206
CHANGE IN NET POSITION	(51,094)
TOTAL NET POSITION - BEGINNING OF YEAR	1,136,199
TOTAL NET POSITION - END OF YEAR	\$ 1,085,105

The accompanying notes are an integral part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	87,122
Payments to vendors		(138,445)
Payments to employees		(106,895)
Net Cash Used by Operating Activities		<u>(158,218)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>162,984</u>
Net Cash From Noncapital Financing Activities		<u>162,984</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets		<u>(9,325)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(9,325)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>222</u>
Net Cash From Investing Activities		<u>222</u>

Net Increase (Decrease) in Cash and Cash Equivalents (4,337)

Cash - Beginning of year 65,108

Cash - End of year \$ 60,771

Reconciliation of Cash

Cash and cash equivalents	\$	53,300
Restricted cash and cash equivalents		<u>7,471</u>
	\$	<u><u>60,771</u></u>

Continued

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(Continued)

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

Operating income (loss)	\$	(214,300)
Adjustments to reconcile net operating (loss) income to net cash Provided (used) by operating activities:		
Depreciation		63,673
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(18,713)
Increase (Decrease) in:		
Accounts payable		(2,658)
Accrued liabilities		8,515
Unearned revenue		(498)
Pension liabilities		5,763
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(158,218)</u>

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF ROME CITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity - The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Rome City. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Housing Authority of the City of Rome City include the following:

At June 30, 2017, the Housing Authority has 50 units under management.

<u>Project</u>	<u>Units</u>
Low Income Public Housing	<u>50</u>

The Authority is also operating Capital Fund Grant Programs.

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

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

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

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

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of checking accounts, Money Market accounts and Certificates of deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

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

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond June 30, 2017.

Inventories - Inventories (if any) are valued at cost, which approximates market value, using the first-in/first/out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-40 years
Maintenance and Office equipment	5-10 years

HOUSING AUTHORITY OF THE CITY OF ROME CITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

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

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

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

Operating and Non-operating Revenues

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

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, then restricted resources as they are allowed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(Continued)

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At June 30, 2017, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. Credit Risk: This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

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

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

At June 30, 2017, the carrying amount of the Authority's deposits was \$60,771. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

Checking accounts	\$ 14,314
Certificate of Deposit	<u>46,457</u>
Total	<u>\$ 60,771</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2017, consist of the following:

Tenants, net of allowance of \$6,795	\$ 38,503
Accounts receivable - HUD	22,128
Accrued Interest	<u>16</u>
Total	<u>\$ 60,647</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2017, consist of the following:

Prepaid insurance	<u>\$ 1,562</u>
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HOUSING AUTHORITY OF THE CITY OF ROME CITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 6/30/16	Increases	Decreases	Transfers	Ending Balance 6/30/17
Capital assets, not being depreciated:					
Land	\$ 586,777	\$ 0	\$ 0	\$ 0	\$ 586,777
Construction in Progress	9,103	0	0	(9,103)	0
Total Capital Assets, Not being depreciated	<u>595,880</u>	<u>0</u>	<u>0</u>	<u>(9,103)</u>	<u>586,777</u>
Capital Assets, being depreciated:					
Buildings & Improvements	2,739,494	6,709	0	9,103	2,755,306
Furniture, Equipment & Machinery	132,831	2,617	0	0	135,448
Total Capital Assets, being depreciated	<u>2,872,325</u>	<u>9,326</u>	<u>0</u>	<u>9,103</u>	<u>2,890,754</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(2,241,358)	(62,458)	0	0	(2,303,816)
Furniture, Equipment and Machinery	(131,225)	(1,215)	0	0	(132,440)
Total Accumulated Depreciation:	<u>(2,372,583)</u>	<u>(63,673)</u>	<u>0</u>	<u>0</u>	<u>(2,436,256)</u>
Total Capital Assets, being depreciated, net	<u>499,742</u>	<u>(54,347)</u>	<u>0</u>	<u>9,103</u>	<u>454,498</u>
Capital Assets, Net	<u>\$ 1,095,622</u>	<u>\$ (54,347)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,041,275</u>

Major construction renovation through the Capital Fund Grant Program costs of \$84,136 is yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$63,673 was incurred during the year.

NOTE F - Pension Plan:

Description of Pension Plan

Public Employees' Retirement Fund Plan Description

The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, or township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) aspects to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE F - Pension Plan: (Continued)

Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). Currently, the PERF ASA Only Plan is available only to employees of the State. As of July 1, 2017, employees for political subdivisions may be eligible to participate. Details of the PERF Hybrid Plan and PERF ASA Only Plan are described below.

Membership

PERF members are officers and employees of units of State and local governments in Indiana (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year. Effective July 1, 2008, members who have at least one (1) year of service in both PERF and TRF have the option of choosing from which of these funds they would like to retire. As of June 30, 2016, there were 1,166 participating political subdivisions in addition to the State.

Contributions

The State of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2016, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 11.03 percent was required from employers during the period of July 1 - December 31, 2014, and an average contribution rate of 11.19 percent was required for the period of January 1 - June 30, 2016. For the ASA Only Plan, the State was also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.6 percent for fiscal year 2016 and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan. The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective 7/1/2014 the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

NOTE F - Pension Plan: (Continued)

PERF Hybrid Plan
Plan Description

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. Retirement Benefits - Defined Benefit Pension The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A non-vested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service. A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation. A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above. A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent. The monthly pension benefits for members in pay status may be increased periodically as cost survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service. Retirement Benefits - Annuity Savings Account Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer

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NOTES TO FINANCIAL STATEMENTS

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(Continued)

NOTE F - Pension Plan: (Continued)

may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's State or political subdivision. Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among the following eight (8) investment options, with varying degrees of risk and return potential: Guaranteed Fund - This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the INPRS Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund. Large Cap Equity Index Fund - This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member. Small/Mid Cap Equity Fund - This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member. International Equity Fund - This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member. Fixed Income Fund - This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member. Inflation-Linked Fixed Income Fund - This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member. Target Date Funds - The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member. Money Market Fund - This fund's objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member. Members may make changes to their investment directions daily and investments are reported at fair market value of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2016; however, eligible members received a one-time check (a.k.a. 13th check) in September 2014. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2013, and who was entitled to receive a monthly benefit on July 1, 2014. Disability and Survivor Benefits The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided benefits.

ASA Only Plan

Plan Description

The PERF ASA Only Plan was established by the Indiana Legislature in 2011 with an effective date of March 1, 2013 and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013 were members of the PERF Hybrid Plan or (2) on or after March 1, 2013 do not elect to participate in the PERF ASA Only Plan.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

NOTE F - Pension Plan: (Continued)

Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA-Only Plan as an option to their employees. Since inception 759 members have selected the ASA Only Plan, or approximately 8 percent of eligible new hires of the State. Currently, the PERF ASA Only Plan is available only to employees of the State. As of July 1, 2017, employees for political subdivisions may be eligible to participate. Retirement Account The PERF ASA Only Plan maintains an annuity savings account for each member. Each member's account consists of two (2) subaccounts within the annuity savings account structure. There is a member contribution subaccount (which is the same as the annuity savings account in the PERF Hybrid Plan) and an employer contribution subaccount. The member's contribution subaccount consists of the member's contributions, set by statute at three (3) percent of covered payroll as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member's contribution subaccount. The State shall pay the member's contributions on behalf of the member. The employer contribution subaccount consists of the employer's contributions and the earnings on the employer's contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11. The PERF ASA Only Plan allows members to actively participate in managing their retirement benefits through self directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. The members can direct their investments among the following aforementioned eight (8) investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds. A description of each of these Funds is earlier in this note in the PERF Hybrid Plan Retirement Benefits - Annuity Savings Account section, except for the Stable Value Fund: Stable Value Fund (available only to PERF ASA Only members) - This fund's objective is to provide a market rate of return consistent with the preservation of principal through a shorter maturity, high quality portfolio. A member is immediately vested in the member contribution subaccount. In order to receive contributions and earnings from the employer contribution subaccount, a member must meet vesting requirements (full years of participation) to qualify for a distribution. The vesting schedule is as follows: disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent. Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later,

One (1) year of participation = 20%
Two (2) years of participation = 40%
Three (3) years of participation = 60%
Four (4) years of participation = 80%
Five (5) years of participation = 100%

A member who terminates service with their employer is entitled to withdraw the total amount in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(Continued)

NOTE F - Pension Plan: (Continued)

account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity provided through INPRS. If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw the total amount in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity provided through INPRS if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees. If a member dies while in active service or after terminating service in a position covered by the PERF ASA Only Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to have member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition, if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

Basis of Accounting

The financial statements 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.

Net Pension Liability

At June 30, 2017 and 2016, the Housing Authority reported a liability of \$76,246 and \$61,501, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions

The actuarial assumptions and methods used in the June 30, 2016 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in April 2016. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2010 through June 30, 2014, and were first used in the June 30, 2016 valuation. The INPRS Board adopted a funding policy in April 2014, and updated the policy in October 2016 to address over funded plans. Changes in Actuarial Assumptions The inflation assumption changed from 3.00% to 2.25% per year. The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%. The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report. The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement

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(Continued)

NOTE F - Pension Plan: (Continued)

(reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to commence benefits at unreduced retirement eligibility. 100% of actives were assumed to commence benefits immediately upon early retirement eligibility in the prior year. The termination assumption was updated based on recent experience. For members earning less than \$20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than \$20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule. The disability assumption was updated based on recent experience. The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017. Changes in Actuarial Methods There were no method changes for the June 30, 2016 valuation.

Actuarial Assumptions Except as noted below, actuarial assumptions used for funding purposes are the same as those used for accounting and financial reporting. Economic Assumptions Interest Rate / Investment Return: Funding 6.75 percent (net of administrative and investment expenses) Accounting & Financial Reporting 6.75 percent (net of investment expenses) Cost of Living Increases: 1.00 percent per year in retirement.

Schedules of Changes In Net Pension Liability and Net Pension Liability Plan Amendments In 2016, there were no changes to the Plan that impacted the pension benefits during the fiscal year. In 2014, HB 1075 impacted the Public Employees' Retirement Fund, the Teachers' Retirement Fund Pre-1996 Account, and the Teachers' Retirement Fund 1996 Account by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2016 the rate is 4.5%. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third party provider. Assumption Changes An experience study was performed in April of 2016 resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, ASA annuitization assumptions (PERF & TRF only), dependent assumptions, future salary increase assumptions, inflation assumptions and COLA assumptions. For further details refer to the Actuarial Section of the CAFR. Schedule of Contributions Methods and Assumptions Used in Calculating Actuarially Determined Contributions The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution Rates. Description PERF TRF Pre-1996 Account TRF 1996 Account 1977 Fund JRS EG&C Plan PARF LEDB Plan Valuation Date June 30, 2013 Actuarial Cost Method (Funding) Entry Age Normal (Level Percent of Payroll) Traditional Unit Credit Actuarial Amortization Method for Unfunded Liability Level Dollar Actuarial Amortization Period for Unfunded Liability 30 Years, Closed Remaining Amortization Period in Years (Weighted) 1 27 26 26 27 25 25 27 18 Asset Valuation Method 4-year smoothing of gains and losses on the Market Value of assets subject to a 20% corridor Investment Rate of Return (Funding) 6.75%, net of administrative and investment expense, including inflation Cost of Living Increases 1.0% 1.0% 2.25% 4.0% 1.00% N/A 3.00% Future Salary Increases, including Inflation 3.25% - 4.5% 3.0% - 12.5% 3.25% 4.0% 3.25% 4.0% 3.0% Inflation 3.0% Trends Contributions in fiscal year 2013 are higher than in fiscal year 2014 & 2016 for certain pension trust funds due to 2012 HB 1376, which appropriated additional monies for the following pension trust funds: Teachers' Retirement Fund Pre- 1996 Account - \$206,796 thousand, Judges' Retirement Fund - \$90,187 thousand, State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan - \$14,619 thousand, and the Prosecuting Attorneys' Retirement Fund - \$17,363 thousand.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(Continued)

NOTE F - Pension Plan: (Continued)

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

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

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$109,507	\$76,246	\$48,601

Pension Expense

For the year ended June 30, 2016, the Housing Authority recognized pension expense of \$19,482, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$1,708	\$141
Net differences between projected and actual investment earnings on pension plan investments	\$16,770	\$4,290
Change of Assumptions	\$3,364	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$9,521	\$1,146
Contributions made after plan year end	\$21,464	\$0
Total	\$52,827	\$5,577

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in 2017:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2017	\$11,406
2018	\$7,230
2019	\$5,121
2020	\$2,029
2021	\$0
Thereafter	\$25,786

The information presented above has not been audited.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE G - Accounts Payable:

Accounts payable at June 30, 2017, consist of the following:

Vendors' accounts payable	<u>\$ 1,088</u>
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NOTE H - Accrued Liabilities:

Accrued liabilities at June 30, 2017, consist of the following:

Accrued compensated absences and payroll	\$ 22,306
Payment in lieu of taxes	17,137
Miscellaneous accrued liabilities	<u>1,738</u>
Total	<u>\$ 41,181</u>

NOTE I - Unearned Revenue:

Unearned Revenue at June 30, 2017, consists of the following:

Tenant prepaid rents	\$ 414
Capital Fund	<u>4,097</u>
Total	<u>\$ 4,511</u>

NOTE J - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended June 30, 2017 were as follows:

Low Rent Public Housing	\$ 115,484
Capital Fund Program	<u>47,500</u>
Total	<u>\$ 162,984</u>

NOTE K- Commitments and Contingencies:

Litigation - At June 30, 2017, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended June 30, 2017.

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

Construction Projects: There are certain major construction projects in progress at June 30, 2017. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. These costs will be paid by grants committed to the Authority by HUD.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

NOTE L - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE M. - Economic Dependency:

The Authority receives approximately 62% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE N - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

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

NOTE O - Interprogram Transfers:

A summary of interfund transfers follows:

	Transfers In	Transfers Out
Low Rent	\$ 47,500	\$ 0
Capital Fund	0	47,500
	\$ 47,500	\$ 47,500

NOTE P - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through January 23, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Housing Authority of the City of Rome City's proportion of the net pension liability	.00134	.00151	.00168
Housing Authority of the City of Rome City's proportionate share of the net pension liability	\$ 35,214	\$ 61,501	\$ 76,246
Housing Authority of the City of Rome City's covered employee payroll	\$ 65,225	\$ 72,166	\$ 80,352
Housing Authority of the City of Rome City's proportionate share of the net pension liability as a percentage of it's covered employee payroll	53.98%	85.22%	94.89%

Note: Additional years information will be presented when available.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 7,166	\$ 7,166	\$ 9,190
Contributions in relation to the contractually required contribution	<u>7,166</u>	<u>7,166</u>	<u>9,190</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Housing Authority of the City of Rome City's covered employee payroll	\$ 51,552	\$ 72,166	\$ 80,352
Contributions as a percentage of covered employee payroll	13.90%	9.93%	11.44%

Note: Additional years information will be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

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

COMBINING SCHEDULE OF PROGRAM NET POSITION

JUNE 30, 2017

	ACC		
	IN089	IN089	
	Low Income Public Housing	Capital Fund Programs	
	Totals		
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 53,300	\$ 0	\$ 53,300
Restricted cash and cash equivalents	7,471	0	7,471
Accounts receivable, net	60,647	0	60,647
Prepaid expenses	1,562	0	1,562
Total Current Assets	122,980	0	122,980
 <u>Capital Assets</u>			
Land and other nondepreciable assets	586,777	0	586,777
Depreciable capital assets, net	454,498	0	454,498
Total Capital Assets	1,041,275	0	1,041,275
 Total Assets	 1,164,255	 0	 1,164,255
 <u>Deferred outflow of resources</u>			
Pension related	52,827	0	52,827
 Total Assets and Deferred Outflow of Resources	 1,217,082	 0	 1,217,082
 <u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	1,088	0	1,088
Accrued liabilities	41,181	0	41,181
Unearned revenue	4,511	0	4,511
Payable from restricted cash and cash equivalents:			
Tenants security deposits	3,374	0	3,374
Total Current Liabilities	50,154	0	50,154
 <u>Noncurrent liabilities</u>			
Net Pension Liability	76,246	0	76,246
 Total Liabilities	 126,400	 0	 126,400
 <u>Deferred inflow of resources</u>			
Pension related	5,577	0	5,577
 <u>NET POSITION</u>			
Investment in capital assets	1,041,275	0	1,041,275
Unrestricted	43,830	0	43,830
Total Net Position	\$ 1,085,105	\$ 0	\$ 1,085,105

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

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Annual Contributions Contracts		Totals
	IN089	IN089	
	Low Income Public Housing	Capital Fund Program	
<u>OPERATING REVENUES</u>			
Rental income	\$ 100,022	\$ 0	\$ 100,022
Other income	50	0	50
TOTAL OPERATING REVENUE	100,072	0	100,072
<u>OPERATING EXPENSES</u>			
Administrative	82,124	0	82,124
Utilities	41,932	0	41,932
Ordinary maintenance and operation	73,520	0	73,520
General expense	53,123	0	53,123
Depreciation expense	63,673	0	63,673
TOTAL OPERATING EXPENSES	314,372	0	314,372
OPERATING INCOME (LOSS)	(214,300)	0	(214,300)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	115,484	47,500	162,984
Interest income	222	0	222
TOTAL NONOPERATING REVENUES	115,706	47,500	163,206
Net income (loss) before capital contributions	(98,594)	47,500	(51,094)
Operating transfers	47,500	(47,500)	0
CHANGE IN NET POSITION	(51,094)	0	(51,094)
TOTAL NET POSITION - BEGINNING OF YEAR	1,136,199	0	1,136,199
TOTAL NET POSITION - END OF YEAR	\$ 1,085,105	\$ 0	\$ 1,085,105

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$6,843	\$6,843		\$6,843
112 Cash - Restricted - Modernization and Development	\$4,097	\$4,097		\$4,097
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$3,374	\$3,374		\$3,374
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$14,314	\$14,314		\$14,314
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$22,128	\$22,128		\$22,128
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$45,298	\$45,298		\$45,298
126.1 Allowance for Doubtful Accounts - Tenants	-\$6,795	-\$6,795		-\$6,795
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$16	\$16		\$16
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$60,647	\$60,647		\$60,647
131 Investments - Unrestricted	\$46,457	\$46,457		\$46,457
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$1,562	\$1,562		\$1,562
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$122,980	\$122,980		\$122,980
161 Land	\$586,777	\$586,777		\$586,777
162 Buildings	\$2,664,843	\$2,664,843		\$2,664,843
163 Furniture, Equipment & Machinery - Dwellings	\$45,401	\$45,401		\$45,401
164 Furniture, Equipment & Machinery - Administration	\$90,047	\$90,047		\$90,047
165 Leasehold Improvements	\$90,463	\$90,463		\$90,463
166 Accumulated Depreciation	-\$2,436,256	-\$2,436,256		-\$2,436,256
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,041,275	\$1,041,275		\$1,041,275
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,041,275	\$1,041,275		\$1,041,275
200 Deferred Outflow of Resources	\$52,827	\$52,827		\$52,827
290 Total Assets and Deferred Outflow of Resources	\$1,217,082	\$1,217,082		\$1,217,082
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,088	\$1,088		\$1,088
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$21,682	\$21,682		\$21,682
322 Accrued Compensated Absences - Current Portion	\$624	\$624		\$624
324 Accrued Contingency Liability				

325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$17,137	\$17,137	\$17,137
341	Tenant Security Deposits	\$3,374	\$3,374	\$3,374
342	Unearned Revenue	\$4,511	\$4,511	\$4,511
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$1,738	\$1,738	\$1,738
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$50,154	\$50,154	\$50,154
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current			
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$76,246	\$76,246	\$76,246
350	Total Non-Current Liabilities	\$76,246	\$76,246	\$76,246
300	Total Liabilities	\$126,400	\$126,400	\$126,400
400	Deferred Inflow of Resources	\$5,577	\$5,577	\$5,577
508.4	Net Investment in Capital Assets	\$1,041,275	\$1,041,275	\$1,041,275
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$43,830	\$43,830	\$43,830
513	Total Equity - Net Assets / Position	\$1,085,105	\$1,085,105	\$1,085,105
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,217,082	\$1,217,082	\$1,217,082

Housing Authority of the City of Rome City (IN089)
ROME CITY, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$99,912	\$99,912		\$99,912
70400 Tenant Revenue - Other	\$110	\$110		\$110
70500 Total Tenant Revenue	\$100,022	\$100,022	\$0	\$100,022
70600 HUD PHA Operating Grants	\$162,984	\$162,984		\$162,984
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$222	\$222		\$222
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$50	\$50		\$50
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$263,278	\$263,278	\$0	\$263,278
91100 Administrative Salaries	\$34,771	\$34,771		\$34,771
91200 Auditing Fees	\$7,018	\$7,018		\$7,018
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit Contributions - Administrative	\$18,595	\$18,595		\$18,595
91600 Office Expenses	\$10,258	\$10,258		\$10,258
91700 Legal Expense	\$66	\$66		\$66
91800 Travel	\$958	\$958		\$958
91810 Allocated Overhead				
91900 Other	\$4,494	\$4,494		\$4,494
91000 Total Operating - Administrative	\$76,160	\$76,160	\$0	\$76,160
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$23,947	\$23,947		\$23,947
93200 Electricity	\$13,610	\$13,610		\$13,610
93300 Gas	\$3,290	\$3,290		\$3,290
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$1,085	\$1,085		\$1,085
93000 Total Utilities	\$41,932	\$41,932	\$0	\$41,932
94100 Ordinary Maintenance and Operations - Labor	\$27,869	\$27,869		\$27,869
94200 Ordinary Maintenance and Operations - Materials and Other	\$11,292	\$11,292		\$11,292
94300 Ordinary Maintenance and Operations Contracts	\$19,928	\$19,928		\$19,928
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,431	\$14,431		\$14,431
94000 Total Maintenance	\$73,520	\$73,520	\$0	\$73,520

95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$23,441	\$23,441		\$23,441
96120 Liability Insurance	\$1,477	\$1,477		\$1,477
96130 Workmen's Compensation	\$2,345	\$2,345		\$2,345
96140 All Other Insurance	\$1,456	\$1,456		\$1,456
96100 Total Insurance Premiums	\$28,719	\$28,719	\$0	\$28,719
96200 Other General Expenses				
96210 Compensated Absences	\$5,964	\$5,964		\$5,964
96300 Payments in Lieu of Taxes	\$5,798	\$5,798		\$5,798
96400 Bad debt - Tenant Rents	\$18,606	\$18,606		\$18,606
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$30,368	\$30,368	\$0	\$30,368
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$250,699	\$250,699	\$0	\$250,699
97000 Excess of Operating Revenue over Operating Expenses	\$12,579	\$12,579	\$0	\$12,579
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$63,673	\$63,673		\$63,673
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$314,372	\$314,372	\$0	\$314,372
10010 Operating Transfer In	\$47,500	\$47,500	-\$47,500	\$0
10020 Operating Transfer Out	-\$47,500	-\$47,500	\$47,500	\$0
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$51,094	-\$51,094	\$0	-\$51,094
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$1,135,199	\$1,135,199		\$1,135,199
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				

11180 Housing Assistance Payments Equity				
11190 Unit Months Available	600	600		600
11210 Number of Unit Months Leased	572	572		572
11270 Excess Cash	\$46,803	\$46,803		\$46,803
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$2,037	\$2,037		\$2,037
11640 Furniture & Equipment - Administrative Purchases	\$579	\$579		\$579
11650 Leasehold Improvements Purchases	\$6,709	\$6,709		\$6,709
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

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

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

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Report On Internal Control Over Financial Reporting and on Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards

Independent Auditor's Report

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Rome City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Rome City's basic financial statements and have issued my report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Rome City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the management of the Housing Authority of the City of Rome City in a separate letter dated January 23, 2018.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
January 23, 2018

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

JUNE 30, 2017

FINDINGS AND RESPONSES

PRIOR AUDIT FINDINGS

There were no prior audit findings.

CURRENT AUDIT FINDINGS

There are no current audit findings.