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November 20, 2018

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

We have reviewed the audit report opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period October 1, 2016 to September 30, 2017. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Rockport as of September 30, 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 ROCKPORT

AUDITED FINANCIAL STATEMENTS

Rockport, Indiana
September 30, 2017

Goldie Roberts

Certified Public Accountant

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

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HOUSING AUTHORITY
OF THE CITY OF ROCKPORT

Rockport, Indiana
September 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 Rockport
601 Washington Street
Rockport, Indiana

I have audited the accompanying financial statements of the Housing Authority of the City of Rockport ("the Authority") which comprise the Statement of Net Position as of September 30, 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 Rockport's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Rockport as of September 30, 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 v and Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Contributions on pages 25 through 26 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 March 6, 2018 on my consideration of the Housing Authority of the City of Rockport's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Rockport's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
March 6, 2018

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

The management of the Housing Authority of the City of Rockport presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending 09/30/2017. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$1,074,803 at the close of the fiscal year ended 09/30/2017.

Of this amount, \$142,227 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 20% of the total operating expenses for the fiscal year 2017, excluding depreciation, which means the Authority could operate about 3 months using the unrestricted assets alone.

The remainder of \$932,576 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.

- The Authority spent \$252,081 on capital assets additions and renovation construction in progress during the current fiscal year.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING ON THE HOUSING AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is, "is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2017?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

FUND FINANCIAL STATEMENTS

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

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

USING THIS ANNUAL REPORT

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

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

REPORTING THE HOUSING AUTHORITY'S MOST SIGNIFICANT FUNDS

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

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

FINANCIAL ANALYSIS

The Housing Authority's net position was \$1,074,803 as of September 30, 2017. Of this amount, \$932,576 was invested in capital assets, and the remaining \$142,227 was unrestricted. No other assets are currently restricted.

**CONDENSED FINANCIAL STATEMENTS COMPARING
FYE 9/30/2017 WITH FYE 9/30/2016**

Condensed Balance Sheet

	As of 09/30/2017	As of 09/30/2016
ASSETS		
Current Assets	\$ 389,435	\$ 374,359
Capital Assets, Net of Depreciation	<u>932,576</u>	<u>875,382</u>
Total Assets	1,322,011	1,249,741
Deferred Outflows of Resources	<u>44,645</u>	<u>49,665</u>
Total Assets and Deferred Outflows	<u>\$ 1,366,656</u>	<u>\$ 1,299,406</u>
LIABILITIES		
Current Liabilities	\$ 101,443	\$ 62,808
Non-Current Liabilities	<u>178,462</u>	<u>182,841</u>
Total Liabilities	<u>279,905</u>	<u>245,649</u>
Deferred Inflows of Resources-Pension	<u>11,948</u>	<u>17,471</u>
NET POSITION		
Investment in Capital Assets	932,576	875,382
Unrestricted	<u>142,227</u>	<u>160,904</u>
Total Net Position	<u>1,074,803</u>	<u>1,036,286</u>
Total Liabilities and Net Position	<u>\$ 1,366,656</u>	<u>\$ 1,299,406</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

CONDENSED FINANCIAL STATEMENTS (Continued)

Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Position
Fiscal Year Ended September 30, 2017

	FYE 09/30/2017	FYE 09/30/2016
OPERATING REVENUES		
Rental Revenue	\$ 447,666	\$ 368,621
Other Tenant Revenue	<u>23,513</u>	<u>34,532</u>
Total Operating Revenues	<u>471,179</u>	<u>403,153</u>
OPERATING EXPENSES		
Administration	206,881	198,076
Tenant Services	2,099	3,343
Utilities	158,047	141,838
Ordinary maintenance and operations	308,155	256,847
Protective Services	1,275	1,062
General and Other	58,358	72,588
Non-Routine Maintenance	14,888	0
Depreciation	<u>187,035</u>	<u>175,798</u>
Total Operating Expenses	<u>936,738</u>	<u>849,552</u>
Operating income (loss)	<u>(465,559)</u>	<u>(446,399)</u>
NON-OPERATING REVENUES		
Federal Grants – Operating	243,407	259,308
Federal Grants – Capital	252,081	187,955
Gain on Disposal of Fixed Assets	4,407	0
Interest Income and Other Revenue	<u>4,181</u>	<u>291</u>
Total Non-Operating Revenue	<u>504,076</u>	<u>447,554</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>38,517</u>	<u>1,155</u>
NET POSITION, Beginning of Year	<u>1,036,286</u>	<u>1,035,131</u>
NET POSITION, End of Year	<u>\$ 1,074,803</u>	<u>\$ 1,036,286</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Compared with the prior fiscal year, total operating revenues increased \$68,026, which was due to a \$79,045 increase in rental revenue. Federal funding increased by \$48,225.

Compared with the prior fiscal year, total operating expenses increased \$87,186, which was mainly due to a \$51,308 increase in ordinary maintenance and operations. The Authority also had a \$16,209 increase in utilities expense, and a \$14,888 increase in non-routine maintenance.

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

These changes led to a decrease in Total Net Position to \$1,074,803. With these changes, there is still over \$1.39 of current assets covering each dollar of liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for September 30, 2018 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$	325,156
Accounts receivable, net		8,690
Prepaid expenses		31,107
Inventory, net		24,482

Total Current Assets		389,435
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Capital Assets

Land and other nondepreciable assets		172,342
Depreciable capital assets, net		760,234
Total Capital Assets		932,576

Total Assets		1,322,011
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Deferred outflow of resources

Pension related		44,645
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Total Assets and Deferred Outflow of Resources		1,366,656
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LIABILITIES AND EQUITY

Current liabilities

Accounts payable		56,963
Accrued liabilities		20,034
Unearned revenue		4,729
Payable from restricted cash and cash equivalents:		
Tenants security deposits		19,717
Total Current Liabilities		101,443

Noncurrent liabilities

Net Pension Liability		178,462
Noncurrent Liabilities		178,462

Total Liabilities		279,905
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Deferred inflow of resources

Pension related		11,948
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Net Position

Investment in capital assets		932,576
Unrestricted		142,227
Total Net Position	\$	1,074,803

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>OPERATING REVENUES:</u>	
Rental income	\$ 447,666
Other income	23,513
	<hr/>
TOTAL OPERATING REVENUES	471,179
	<hr/>
<u>OPERATING EXPENSES:</u>	
Administrative	206,881
Tenant services	2,099
Utilities	158,047
Ordinary maintenance and operation	323,043
Protective services	1,275
General expense	58,358
Depreciation expense	187,035
	<hr/>
TOTAL OPERATING EXPENSES	936,738
	<hr/>
OPERATING INCOME (LOSS)	(465,559)
	<hr/>
<u>NONOPERATING REVENUES:</u>	
Federal operating grants	243,407
Gain on sale of capital assets	4,407
Interest income	4,181
	<hr/>
TOTAL NONOPERATING REVENUES	251,995
	<hr/>
Net income (loss) before capital contributions	(213,564)
	<hr/>
CAPITAL CONTRIBUTIONS	252,081
	<hr/>
CHANGE IN NET POSITION	38,517
	<hr/>
TOTAL NET POSITION - BEGINNING OF YEAR	1,036,286
	<hr/>
TOTAL NET POSITION - END OF YEAR	\$ <u>1,074,803</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	468,618
Payments to vendors		(442,470)
Payments to employees		(281,246)
Net Cash Used by Operating Activities		(255,098)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		243,407
Net Cash From Noncapital Financing Activities		243,407

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		252,081
Acquisition and construction of capital assets		(244,229)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		7,852

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		4,181
Net Cash From Investing Activities		4,181

Net Increase (Decrease) in Cash and Cash Equivalents 342

Balance - Beginning of year 324,814

Balance - End of year \$ 325,156

Reconciliation of Cash

Unrestricted	\$	305,439
Restricted		19,717
	\$	325,156

Continued

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Continued)

Operating income (loss)	\$	(465,559)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		187,035
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(2,561)
Inventory		967
Prepaid expenses		(13,140)
Increase (Decrease) in:		
Accounts payable		21,300
Accrued liabilities		7,985
Unearned revenue		(122)
Pension liabilities		8,997
Net Cash Flows Provided (Used) by Operating Activities	\$	<u>(255,098)</u>

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies and Organization:

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

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

The financial statements of the HOUSING AUTHORITY OF THE CITY OF ROCKPORT include Low-Income Public Housing under Annual Contributions Contract A-2855.

The authority had 141 units in management at September 30, 2017:

<u>Project</u>	<u>Units</u>
Authority owned	141

The authority was also administering Capital Fund Programs.

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in 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.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

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

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

Budgets: Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

Cash 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.

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

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

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(Continued)

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

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

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

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

Capital Assets:

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

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

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

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

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.

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

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

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

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

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources (expense) until that time.

Deferred Inflows of Resources: Deferred inflows of resources represent an acquisition of net position that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

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

1. HUD Deposit Restrictions

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

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

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At September 30, 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 September 30, 2017, the carrying amount of the Authority's deposits was \$325,156. 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	\$ 46,622
Certificates of Deposit	<u>278,534</u>
Total	<u>\$ 325,156</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 3 - Accounts Receivable:

Accounts receivables at September 30, 2017 consist of the following:

Tenant receivables,	\$ 7,398
Net of allowance for doubtful accounts of \$1,849	1,253
Accounts receivable other government	39
Accrued interest receivable	<u>39</u>
Total	<u>\$ 8,690</u>

NOTE 4 - Prepaid Expenses:

Prepaid Expenses at September 30, 2017 consist of the following:

Prepaid insurance and other prepaid assets	<u>\$ 31,107</u>
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NOTE 5 - Inventory:

Inventory at September 30, 2017, consist of the following:

Inventory	<u>\$ 24,482</u>
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NOTE 6 - Capital Assets:

	Beginning Balance 09/30/16	Increases	Decreases	Transfers	Ending Balance 09/30/17
Capital assets, not being depreciated:					
Land	\$ 172,342	\$ 0	\$ 0	\$ 0	\$ 172,342
Construction in Progress	<u>0</u>	<u>252,081</u>	<u>0</u>	<u>(252,081)</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>172,342</u>	<u>252,081</u>	<u>0</u>	<u>(252,081)</u>	<u>172,342</u>
Capital Assets, being depreciated:					
Buildings & Improvements	5,457,630	20,148	0	226,081	5,703,859
Furniture, Equipment & Machinery	<u>183,061</u>	<u>9,559</u>	<u>(48,148)</u>	<u>26,000</u>	<u>170,472</u>
Total Capital Assets, being depreciated	<u>5,640,691</u>	<u>29,707</u>	<u>(48,148)</u>	<u>252,081</u>	<u>5,874,331</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(4,789,521)	(214,780)	0	0	(5,004,301)
Furniture, Equipment and Machinery	<u>(148,130)</u>	<u>(13,397)</u>	<u>51,731</u>	<u>0</u>	<u>(109,796)</u>
Total Accumulated Depreciation:	<u>(4,937,651)</u>	<u>(228,177)</u>	<u>51,731</u>	<u>0</u>	<u>(5,114,097)</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 6 - Capital Assets: (Continued)

Total Capital Assets, being depreciated, net	703,040	(198,470)	3,583	252,081	760,234
Capital Assets, Net	<u>\$ 875,382</u>	<u>\$ 53,611</u>	<u>\$ 3,583</u>	<u>\$ 0</u>	<u>\$ 932,576</u>

Major construction renovation through the Capital Fund Program costs of \$240,594 are yet to be expended under the current programs. HUD has approved funding for the above amount. Depreciation expense for the year ended September 30, 2017, was \$187,035.

NOTE 7 - Pension Plan:

Description of Pension Plan

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) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan). 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 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, 2017, there were 1,176 participating political subdivisions in addition to the State. As of June 30, 2017, PERF membership consisted of:

Retired Members, Beneficiaries, and Disabled Members Receiving Benefits	83,188
Inactive Vested Members Entitled To But Not Yet Receiving Benefits	29,702
Inactive Non-Vested Members Entitled To a Distribution of ASA Balance	50,212
Active Members: Vested and Non-Vested	<u>131,178</u>
Total	<u>294,280</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

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 the year ended June 30, 2017, 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 11.19 percent was required from employers during the period of July 1 through December 31, 2016, and an average contribution rate of 11.2 percent was required for the period of January 1 through June 30, 2017. For the ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance with 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 the year ended June 30, 2017 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 employed by the State for the PERF ASA Only Plan. Political subdivisions may choose to pay part or all of 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.

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

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 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, 2017; however, eligible members received a one-time check (a.k.a. 13th check) in September 2016. 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, 2014, and who was entitled to receive a monthly benefit on July 1, 2016.

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 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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

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, under an effective election of the joint and 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 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 contributions and interest credits belong to the member and do not belong to the 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.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

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 direct changes to their investment fund allocations daily and investments are reported at fair market value.

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. 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.

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.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

The vesting schedule is as follows:

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 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 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 the 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 plan.

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 employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

Method Used to Value Investments

The pooled and non-pooled investments are generally reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are generally reported using cost-based measures, which approximates fair value.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and security pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ significantly from the fair value.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

Benefits and Distributions

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Pension, disability and special death benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or automatically distributed by the fund when certain criteria are met.

The total pension liability is determined by actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. There were no changes in assumptions and methods for financial reporting purposes. The accompanying Schedule of Contributions in the Required Supplementary Information presents trend information about the amounts contributed to the plan by employers and a non employer contributing entity in comparison to the Actuarially Determined Contribution (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and the amortization of any unfunded actuarial accrued liability (or funding excess). Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(Continued)

NOTE 7 - Pension Plan: (continued)

Description PERF TRF Pre-1996 Account TRF 1996 Account 1977 Fund JRS EG&C Plan PARF LEDB Plan Valuation Date: Assets June 30, 2017 Liabilities June 30, 2016 - Member census data as of June 30, 2016 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2016 and June 30, 2017. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2016 to the June 30, 2017 measurement date. Actuarial Cost Method (Accounting) Entry Age Normal (Level Percent of Payroll) Actuarial Assumptions: Experience Study Date Period of 4 years ended June 30, 2014 Period of 3 years ended June 30, 2014 Period of 4 years ended June 30, 2014 Investment Rate of Return (Accounting) 6.75%, net of investment expense, including inflation Cost of Living Increases (COLA) or "Ad Hoc" COLA (see Note 1.) 1.0% 1.0% 2.0% 2.5% 1.0% N/A 1.0% Future Salary Increases, including Inflation 2.50% - 4.25% 2.5% - 12.5% 2.5% 2.5% 2.5% 4.0% 2.25% Inflation 2.25% Mortality RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 RP-2014 White Collar Mortality Table, with Social Security Administration generational improvement scale from 2006 The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Geometric Basis Long-Term Expected Real Rate of Return Target Asset Allocation Public Equity 5.7 % 22.0 % Private Equity 6.2 10.0 Fixed Income - Ex Inflation-Linked 2.7 24.0 Fixed Income - Inflation-Linked 0.7 7.0 Commodities 2.0 8.0 Real Estate 2.7 7.0 Absolute Return 4.0 10.0 Risk Parity 5.0 12.0 Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the non employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 7 - Pension Plan: (continued)

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$260,279	\$178,462	\$110,509

Pension Expense

For the year ended June 30, 2017, the Housing Authority recognized pension expense of \$16,970, 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	\$3,389	\$139
Net differences between projected and actual investment earnings on pension plan investments	\$28,230	\$8,947
Changes in assumptions	\$2,865	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$10,161	\$2,862
Total	\$44,645	\$11,948

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the NPL in 2106:

Amortization of net deferred outflows/(inflows) of resources - debit/(credit)	
2018	\$9,724
2019	\$14,044
2020	\$4,223
2021	\$(960)
2022	\$0
Total	\$27,031

The information presented above has not been audited.

NOTE 8 - Accounts Payable:

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

Vendors' Accounts Payable	<u>\$ 56,963</u>
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HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 9 - Accrued Liabilities:

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

Accrued wages/payroll taxes payable \$20,034

NOTE 10 - Unearned Revenue:

Unearned revenue at September 30, 2017 consists of the following:

Pre-Paid Rent \$ 4,729

NOTE 11 - Noncurrent Liabilities:

Noncurrent liabilities at September 30, 2017, consist of the following:

	09/30/16	Additions	Deletions	09/30/17	Current Portion	Total
Accrued compensated absences	\$ 0	\$ 0	\$ 0	\$ 0	\$10,951	\$ 10,951
Net pension liability	156,399	22,063	0	178,462	0	178,462
Total	<u>\$ 156,399</u>	<u>\$ 22,063</u>	<u>\$ 0</u>	<u>\$178,462</u>	<u>\$10,951</u>	<u>\$ 189,413</u>

NOTE 13 - Federal Operating Grants:

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

Low Rent Public Housing \$ 243,407

NOTE 14 - Federal Capital Grants:

The Authority receives federal capital grants from HUD for capital fund program improvements. Capital grants recognized for the fiscal year ended September 30, 2017 were \$252,081.

NOTE 15 - Economic Dependency:

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

NOTE 16 - Commitments and Contingencies:

Litigation: At September 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 concerning the year ended September 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, may constitute a liability of the Authority. Other than the amounts listed in the paragraph above, the amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: There are certain major construction projects in progress at September 30, 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.

NOTE 17 - Conduit Type Debt:

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

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

NOTE 18 - 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 March 6, 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 ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

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

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Rockport Housing Authority's proportion of the net pension liability	.00384	.00384	.00384
Rockport Housing Authority's proportionate share of the net pension liability	\$ 156,390	\$ 173,369	\$178,462
Rockport Housing Authority's covered employee payroll	\$ 183,770	\$ 183,212	\$198,375
Rockport Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	85%	95%	90%

Note: Additional years information will
be presented when available.

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ROCKPORT HOUSING AUTHORITY'S CONTRIBUTIONS

INPRS Pension Plan
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 5,486	\$ 5,486	\$22,662
Contributions in relation to the contractually required contribution	<u>5,486</u>	<u>5,486</u>	<u>\$22,662</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Rockport Housing Authority's covered employee payroll	\$ 183,770	\$ 183,212	\$ 198,375
Contributions as a percentage of covered employee payroll	13.90%	13.90%	11.42%

Note: Additional years information will
be presented when available.

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

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

COMBINING SCHEDULE OF PROGRAM NET POSITION

SEPTEMBER 30, 2017

ASSETS	ACC		
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	Totals
<u>Current Assets</u>			
Cash and cash equivalents	\$ 325,156	\$ 0	\$ 325,156
Accounts receivable, net	8,690	0	8,690
Prepaid expenses	31,107	0	31,107
Inventory, net	24,482	0	24,482
Current Assets	389,435	0	389,435
 <u>Capital Assets</u>			
Land and other nondepreciable assets	172,342	0	172,342
Depreciable capital assets, net	760,234	0	760,234
Total Capital Assets	932,576	0	932,576
Total Assets	1,322,011	0	1,322,011
 <u>Deferred outflow of resources</u>			
Pension related	44,645	0	44,645
Total Assets and Deferred Outflow of Resources	1,366,656	0	1,366,656
 <u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Accounts payable	56,963	0	56,963
Accrued liabilities	20,034	0	20,034
Unearned revenue	4,729	0	4,729
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	19,717	0	19,717
Current Liabilities	101,443	0	101,443
 <u>Noncurrent liabilities</u>			
Net Pension Liability	178,462	0	178,462
Noncurrent Liabilities	178,462	0	178,462
Total liabilities	279,905	0	279,905
 <u>Deferred inflow of resources</u>			
Pension related	11,948	0	11,948
 <u>Net Position</u>			
Investment in capital assets	932,576	0	932,576
Unrestricted	142,227	0	142,227
TOTAL NET POSITION	\$ 1,074,803	\$ 0	\$ 1,074,803

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	ACC		
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	Total
<u>OPERATING REVENUES:</u>			
Rental income	\$ 447,666	\$ 0	\$ 447,666
Other income	23,513	0	23,513
TOTAL OPERATING REVENUES	471,179	0	471,179
<u>OPERATING EXPENSES:</u>			
Administrative	206,881	0	206,881
Tenant services	2,099	0	2,099
Utilities	158,047	0	158,047
Ordinary maintenance and operation	323,043	0	323,043
Protective services	1,275	0	1,275
General expense	58,358	0	58,358
Depreciation expense	187,035	0	187,035
TOTAL OPERATING EXPENSES	936,738	0	936,738
OPERATING INCOME (LOSS)	(465,559)	0	(465,559)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Federal operating grants	243,407	0	243,407
Gain on sale of capital assets	4,407	0	4,407
Interest income	4,181	0	4,181
TOTAL NONOPERATING REVENUES (EXPENSES)	251,995	0	251,995
Net income (loss) before capital contributions	(213,564)	0	(213,564)
Operating transfers	252,081	(252,081)	0
CAPITAL CONTRIBUTIONS	0	252,081	252,081
CHANGE IN NET POSITION	38,517	0	38,517
TOTAL NET POSITION - BEGINNING OF YEAR	1,036,286	0	1,036,286
TOTAL NET POSITION - END OF YEAR	\$ 1,074,803	\$ 0	\$ 1,074,803

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2017

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$26,905	\$26,905	\$26,905
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$19,717	\$19,717	\$19,717
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$46,622	\$46,622	\$46,622
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government	\$1,253	\$1,253	\$1,253
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$9,247	\$9,247	\$9,247
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,849	-\$1,849	-\$1,849
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	\$39	\$39	\$39
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,690	\$8,690	\$8,690
131 Investments - Unrestricted	\$278,534	\$278,534	\$278,534
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$31,107	\$31,107	\$31,107
143 Inventories	\$24,482	\$24,482	\$24,482
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$389,435	\$389,435	\$389,435
161 Land	\$172,342	\$172,342	\$172,342
162 Buildings	\$5,566,855	\$5,566,855	\$5,566,855
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$170,472	\$170,472	\$170,472
165 Leasehold Improvements	\$137,004	\$137,004	\$137,004
166 Accumulated Depreciation	-\$5,114,097	-\$5,114,097	-\$5,114,097
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$932,576	\$932,576	\$932,576
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	\$932,576	\$932,576	\$932,576
200 Deferred Outflow of Resources	\$44,645	\$44,645	\$44,645
290 Total Assets and Deferred Outflow of Resources	\$1,366,656	\$1,366,656	\$1,366,656
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$9,066	\$9,066	\$9,066
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$3,646	\$3,646	\$3,646
322 Accrued Compensated Absences - Current Portion	\$10,951	\$10,951	\$10,951
324 Accrued Contingency Liability			

325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$47,897	\$47,897	\$47,897
341	Tenant Security Deposits	\$19,717	\$19,717	\$19,717
342	Unearned Revenue	\$4,729	\$4,729	\$4,729
343	Current Portion of Long-term Debl - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debl - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$5,437	\$5,437	\$5,437
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$101,443	\$101,443	\$101,443
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	\$178,462	\$178,462	\$178,462
350	Total Non-Current Liabilities	\$178,462	\$178,462	\$178,462
300	Total Liabilities	\$279,905	\$279,905	\$279,905
400	Deferred Inflow of Resources	\$11,948	\$11,948	\$11,948
508.4	Net Investment in Capital Assets	\$932,576	\$932,576	\$932,576
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$142,227	\$142,227	\$142,227
513	Total Equity - Net Assets / Position	\$1,074,803	\$1,074,803	\$1,074,803
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,366,656	\$1,366,656	\$1,366,656

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2017

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$392,795	\$392,795	\$392,795
70400 Tenant Revenue - Other	\$54,871	\$54,871	\$54,871
70500 Total Tenant Revenue	\$447,666	\$447,666	\$447,666
70500 HUD PHA Operating Grants	\$243,407	\$243,407	\$243,407
70610 Capital Grants	\$252,081	\$252,081	\$252,081
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$4,181	\$4,181	\$4,181
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	\$23,513	\$23,513	\$23,513
71600 Gain or Loss on Sale of Capital Assets	\$4,407	\$4,407	\$4,407
72000 Investment Income - Restricted			
70000 Total Revenue	\$975,255	\$975,255	\$975,255
91100 Administrative Salaries	\$102,279	\$102,279	\$102,279
91200 Auditing Fees	\$6,510	\$6,510	\$6,510
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$84	\$84	\$84
91500 Employee Benefit contributions - Administrative	\$27,344	\$27,344	\$27,344
91600 Office Expenses	\$12,984	\$12,984	\$12,984
91700 Legal Expense	\$1,372	\$1,372	\$1,372
91800 Travel	\$1,847	\$1,847	\$1,847
91810 Allocated Overhead			
91900 Other	\$48,588	\$48,588	\$48,588
91000 Total Operating - Administrative	\$201,008	\$201,008	\$201,008
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$2,099	\$2,099	\$2,099
92500 Total Tenant Services	\$2,099	\$2,099	\$2,099
93100 Water	\$35,699	\$35,699	\$35,699
93200 Electricity	\$77,644	\$77,644	\$77,644
93300 Gas	\$19,521	\$19,521	\$19,521
93400 Fuel			
93500 Labor			
93600 Sewer	\$25,183	\$25,183	\$25,183
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$158,047	\$158,047	\$158,047
94100 Ordinary Maintenance and Operations - Labor	\$114,740	\$114,740	\$114,740
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,787	\$65,787	\$65,787
94300 Ordinary Maintenance and Operations Contracts	\$96,618	\$96,618	\$96,618
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,010	\$31,010	\$31,010
94000 Total Maintenance	\$308,155	\$308,155	\$308,155

95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$1,275	\$1,275	\$1,275
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$1,275	\$1,275	\$1,275
96110 Property Insurance	\$25,267	\$25,267	\$25,267
96120 Liability Insurance	\$2,524	\$2,524	\$2,524
96130 Workmen's Compensation	\$1,741	\$1,741	\$1,741
96140 All Other Insurance	\$324	\$324	\$324
96100 Total Insurance Premiums	\$29,856	\$29,856	\$29,856
96200 Other General Expenses			
96210 Compensated Absences	\$5,873	\$5,873	\$5,873
95300 Payments in Lieu of Taxes	\$24,783	\$24,783	\$24,783
96400 Bad debt - Tenant Rents	\$3,719	\$3,719	\$3,719
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$34,375	\$34,375	\$34,375
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$734,815	\$734,815	\$734,815
97000 Excess of Operating Revenue over Operating Expenses	\$240,440	\$240,440	\$240,440
97100 Extraordinary Maintenance	\$14,888	\$14,888	\$14,888
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$187,035	\$187,035	\$187,035
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$936,738	\$936,738	\$936,738
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$38,517	\$38,517	\$38,517
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,036,286	\$1,036,286	\$1,036,286
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
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	1692	1692	1692
11210 Number of Unit Months Leased	1551	1551	1551
11270 Excess Cash	\$173,436	\$173,436	\$173,436
11510 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$222,984	\$222,984	\$222,984
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$38,886	\$38,886	\$38,886
11650 Leasehold Improvements Purchases	\$9,559	\$9,559	\$9,559
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 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, gains and losses on the disposal of capital assets and interest expense in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

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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 Rockport
601 Washington Street
Rockport, Indiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of The City of Rockport, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of The City of Rockport's basic financial statements and have issued my report thereon dated March 6, 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 Rockport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of The City of Rockport's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of The City of Rockport's internal control.

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

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

Compliance and Other Matters

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

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
March 6, 2018

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

SEPTEMBER 30, 2017

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There are no prior year findings.

CURRENT AUDIT FINDINGS

There are no current findings.