



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B52699

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

May 20, 2019

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

We have reviewed the audit report of the Housing Authority of the City of Rockport, which was opined upon by Goldie Roberts, CPA, Independent Public Accountant, for the period October 1, 2017 to September 30, 2018. 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, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

A handwritten signature in 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, 2018

Goldie Roberts

Certified Public Accountant

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

HOUSING AUTHORITY
OF THE CITY OF ROCKPORT

Rockport, Indiana
September 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
<u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Fund Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Authority's Proportionate Share of the Net Pension Liability	19
Schedule of the Authority's Contributions	20
<u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Schedule of Program Net Position	21
Combining Schedule of Program Revenues, Expenses and Changes in Fund Net Position	22
Statement and Certification of Actual Capital Fund Grant Costs-Completed Financial Data Schedule	23
Notes to Supplemental Financial Information	24
<u>OTHER REPORTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Schedule of Findings and Responses	32

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, 2018, 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, 2018, 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 19 through 20 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 May 15, 2019 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
May 15, 2019

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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 09/30/2018. 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 \$1,101,998 at the close of the fiscal year ended 09/30/2018.

Of this amount, \$126,338 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 16% of the total operating expenses for the fiscal year 2018, excluding depreciation, which means the Authority could operate about 2 months using the unrestricted assets alone.

The remainder of \$975,660 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.

- The Authority spent \$201,992 on capital assets additions and renovation construction in progress during the current fiscal year.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING ON THE HOUSING AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is, "is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2018?" 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, 2018
(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, 2018
(Continued)

FINANCIAL ANALYSIS

The Housing Authority's net position was \$1,101,998 as of September 30, 2018. Of this amount, \$975,660 was invested in capital assets, and the remaining \$126,338 was unrestricted. No other assets are currently restricted.

**CONDENSED FINANCIAL STATEMENTS COMPARING
FYE 9/30/2018 WITH FYE 9/30/2017**

Condensed Balance Sheet

	As of 09/30/2017	As of 09/30/2018
ASSETS		
Current Assets	\$ 389,435	\$ 384,556
Capital Assets, Net of Depreciation	<u>932,576</u>	<u>975,660</u>
Total Assets	<u>1,322,011</u>	<u>1,360,216</u>
Deferred Outflows of Resources	<u>44,645</u>	<u>12,974</u>
Total Assets and Deferred Outflows	<u>\$ 1,366,656</u>	<u>\$ 1,373,190</u>
LIABILITIES		
Current Liabilities	\$ 101,443	\$ 105,753
Non-Current Liabilities	<u>178,462</u>	<u>140,423</u>
Total Liabilities	<u>279,905</u>	<u>246,176</u>
Deferred Inflows of Resources-Pension	<u>11,948</u>	<u>25,016</u>
NET POSITION		
Investment in Capital Assets	932,576	975,660
Unrestricted	<u>142,227</u>	<u>126,338</u>
Total Net Position	<u>1,074,803</u>	<u>1,101,998</u>
Total Liabilities and Net Position	<u>\$ 1,366,656</u>	<u>\$ 1,373,190</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)

CONDENSED FINANCIAL STATEMENTS (Continued)

Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Fiscal Year Ended September 30, 2018

	FYE 09/30/2017	FYE 09/30/2018
OPERATING REVENUES		
Rental Revenue	\$ 392,795	\$ 407,188
Other Tenant Revenue	<u>54,871</u>	<u>70,887</u>
Total Operating Revenues	<u>447,666</u>	<u>478,075</u>
OPERATING EXPENSES		
Administration	173,808	176,123
Tenant Services	2,099	1,325
Utilities	158,047	171,294
Ordinary maintenance and operations	308,155	344,557
Protective Services	1,275	1,184
General and Other	64,231	73,262
Non-Routine Maintenance	14,888	3,318
Depreciation	<u>187,035</u>	<u>158,907</u>
Total Operating Expenses	<u>909,538</u>	<u>929,970</u>
Operating income (loss)	<u>(461,872)</u>	<u>(451,895)</u>
NON-OPERATING REVENUES		
Federal Grants – Operating	243,407	332,481
Federal Grants – Capital	252,081	139,354
Gain on Disposal of Capital Assets	4,407	-
Interest Income and Other Revenue	<u>27,694</u>	<u>7,255</u>
Total Non-Operating Revenue	<u>527,589</u>	<u>479,090</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>65,717</u>	<u>27,195</u>
NET POSITION, Beginning of Year	1,036,286	1,074,803
Prior Period Adjustments	<u>(27,200)</u>	<u>-</u>
NET POSITION, Beginning of Year (Adjusted)	<u>1,009,086</u>	<u>1,074,803</u>
NET POSITION, End of Year	<u>\$ 1,074,803</u>	<u>\$ 1,101,998</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(Continued)

Compared with the prior fiscal year, total operating revenues increased \$30,409, which was due to a \$14,393 increase in rental revenue and \$16,016 increase in other tenant revenue. Federal funding decreased by \$23,653.

Compared with the prior fiscal year, total operating expenses increased \$20,432, which was mainly due to a \$36,402 increase in ordinary maintenance and operations. The Authority also had a \$13,247 increase in utilities expense. Depreciation expense decreased \$28,128.

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

These changes led to an increase in Total Net Position to \$1,101,998. With these changes, there is still \$1.42 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, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$	303,249
Restricted cash and cash equivalents		19,462
Accounts receivable, net		7,500
Prepaid expenses		31,340
Inventory, net		23,005

Total Current Assets		384,556
-----------------------------	--	----------------

Capital Assets

Land and other nondepreciable assets		233,661
Depreciable capital assets, net		741,999
Total Capital Assets		975,660

Total Assets		1,360,216
---------------------	--	------------------

Deferred outflow of resources

Pension related		12,974
-----------------	--	--------

Total Assets and Deferred Outflow of Resources		1,373,190
---	--	------------------

LIABILITIES AND EQUITY

Current liabilities

Accounts payable		16,913
Accrued liabilities		44,906
Unearned revenue		24,472
Payable from restricted cash and cash equivalents:		
Tenants security deposits		19,462
Total Current Liabilities		105,753

Noncurrent liabilities

Accrued compensated absences		8,957
Net Pension Liability		131,466
Noncurrent Liabilities		140,423

Total Liabilities		246,176
--------------------------	--	----------------

Deferred inflow of resources

Pension related		25,016
-----------------	--	--------

Net Position

Investment in capital assets		975,660
Unrestricted		126,338
Total Net Position		\$ 1,101,998

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, 2018

OPERATING REVENUES:

Rental income	\$ 478,075
Other income	6,007

TOTAL OPERATING REVENUES	484,082
---------------------------------	----------------

OPERATING EXPENSES:

Administrative	176,123
Tenant services	1,325
Utilities	171,294
Ordinary maintenance and operation	347,875
Protective services	1,184
General expense	73,262
Depreciation expense	158,907

TOTAL OPERATING EXPENSES	929,970
---------------------------------	----------------

OPERATING INCOME (LOSS)	(445,888)
-------------------------	-----------

NONOPERATING REVENUES:

Federal operating grants	332,481
Interest income	1,248

TOTAL NONOPERATING REVENUES	333,729
------------------------------------	----------------

Net income (loss) before capital contributions	(112,159)
--	-----------

CAPITAL CONTRIBUTIONS	139,354
-----------------------	---------

CHANGE IN NET POSITION	27,195
------------------------	--------

TOTAL NET POSITION - BEGINNING OF YEAR	1,074,803
--	-----------

TOTAL NET POSITION - END OF YEAR	\$ 1,101,998
---	---------------------

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	485,272
Payments to vendors		(500,097)
Payments to employees		(258,370)
Net Cash Used by Operating Activities		<u>(273,195)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>332,481</u>
Net Cash From Noncapital Financing Activities		<u>332,481</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal capital grants received		139,354
Acquisition and construction of capital assets		<u>(201,991)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(62,637)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		<u>1,248</u>
Net Cash From Investing Activities		<u>1,248</u>

Net Increase (Decrease) in Cash and Cash Equivalents (2,103)

Balance - Beginning of year 324,814

Balance - End of year \$ 322,711

Reconciliation of Cash
Unrestricted \$ 303,249
Restricted 19,462
\$ 322,711

Continued

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(Continued)

Operating income (loss)	\$	(445,888)
Adjustments to reconcile net operating income (loss) to net cash		
Provided by operating activities:		
Depreciation		158,907
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		1,190
Inventory		1,477
Prepaid expenses		(233)
Increase (Decrease) in:		
Accounts payable		(40,305)
Accrued liabilities		33,829
Unearned revenue		19,743
Pension liabilities		(1,915)
Net Cash Flows Provided (Used)		
by Operating Activities	\$	<u>(273,195)</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, 2018

NOTE A - 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 144 units in management at September 30, 2018:

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

The authority was also administering Capital Fund Programs.

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in 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, 2018
(Continued)

NOTE A - 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.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

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

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

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

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

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.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

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

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

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

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE B - 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, 2018, 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, 2018, the carrying amount of the Authority's deposits was \$340,545. 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	\$ 42,927
Certificates of Deposit	<u>279,784</u>
Total	<u>\$ 322,711</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

NOTE C - Accounts Receivable:

Accounts receivables at September 30, 2018 consist of the following:

Accounts receivable tenants, net of allowance of \$1,000	\$ 7,471
Accrued interest	<u>29</u>
Total	<u>\$ 7,500</u>

NOTE D - Prepaid Expenses:

Prepaid Expenses at September 30, 2018 consist of the following:

Prepaid insurance and other prepaid assets	<u>\$ 31,340</u>
--	------------------

NOTE E - Inventory:

Inventory at September 30, 2018, consist of the following:

Inventory	<u>\$ 23,005</u>
-----------	------------------

NOTE F - Capital Assets:

	Beginning Balance 09/30/17	Increases	Decreases	Transfers	Ending Balance 09/30/18
Capital assets, not being depreciated:					
Land	\$ 172,342	\$ 0	\$ 0	\$ 0	\$ 172,342
Construction in Progress	<u>0</u>	<u>61,319</u>	<u>0</u>	<u>(0)</u>	<u>61,319</u>
Total Capital Assets, Not being depreciated	<u>172,342</u>	<u>61,319</u>	<u>0</u>	<u>(0)</u>	<u>233,661</u>
Capital Assets, being depreciated:					
Buildings & Improvements	5,703,859	135,773	0	0	5,839,632
Furniture, Equipment & Machinery	<u>170,472</u>	<u>4,900</u>	<u>(13,457)</u>	<u>0</u>	<u>161,915</u>
Total Capital Assets, being depreciated	<u>5,874,331</u>	<u>140,673</u>	<u>(13,457)</u>	<u>0</u>	<u>6,001,547</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(5,004,301)	(145,859)	0	0	(5,150,160)
Furniture, Equipment and Machinery	<u>(109,796)</u>	<u>(13,049)</u>	<u>13,457</u>	<u>0</u>	<u>(109,388)</u>
Total Accumulated Depreciation:	<u>(5,114,097)</u>	<u>(158,908)</u>	<u>13,457</u>	<u>0</u>	<u>(5,259,548)</u>
Total Capital Assets, being depreciated, net	<u>760,234</u>	<u>(18,235)</u>	<u>0</u>	<u>0</u>	<u>741,999</u>
Capital Assets, Net	<u>\$ 932,576</u>	<u>\$ 43,084</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 975,660</u>

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE F - Capital Assets: (Continued)

Major construction renovation through the Capital Fund Program costs of \$313,167 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, 2018, was \$158,907.

NOTE G - Pension Plan:

Description of Pension Plan

The Housing Authority of the City of Rockport (Housing Authority) participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Indiana Public Retirement System (INPRS) and is based on Title 35 of IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). The Public Employees' Retirement Fund (PERF) Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees. INPRS financial reports are available online at www.in.gov/inprs/annualreports.htm.

Members include 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 resolution of the governing body, which specifies the classifications of employees who will become members of the PERF Hybrid Plan.

Benefits Provided

Retirement benefits consist of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account.

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% 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.

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% 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% of the benefits described above.

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 provided for the year ended June 30, 2017; however, eligible members received a one-time check in September of 2016.

The PERF Hybrid Plan also provides disability and survivor benefits.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

NOTE G - Pension Plan: (Continued)

Contributions

Members are required by statute to make contributions to the plan as determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. During fiscal year 2018, all participating employers contributed an average rate of 11.2% of covered payroll. The Authority's required contribution to the plan for the fiscal year ended June 30, 2018 was \$35,335. A contribution of 3% of covered payroll was contributed by the employees into the annuity savings account portion.

Employer Allocations

Wages reported by employers relative to the collective wages of the plan serve as the basis to determine the employer's proportionate share. The basis of allocation measures the proportionate relationship of an employer to all employers, and is consistent with the manner in which contributions to the pension plan are determined.

At December 31, 2018, the Authority's proportionate share was 0.00618%.

Net Pension Liability

At December 31, 2018, the Authority reported a liability of \$209,937. The proportionate share of the liability as of June 30, 2018 was \$209,937.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, was determined using member census data as of June 30, 2016 and adjusted, as appropriate to reflect changes between June 30, 2017 and June 30, 2018. The valuation results from June 30, 2016 were rolled to June 30, 2017 to reflect benefits accruals during the year less benefits paid. Key methods and assumptions used in calculating the total pension liability are presented below:

Price inflation	2.25%
Cost of Living Increases	1.00%
Salary increases, including wage increases	2.5% to 4.25%, including inflation
Long-Term rate of return, net of investment expense, and including price inflation	6.75%

Mortality assumption (healthy) rates were based on the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

Disabled mortality assumption rates were based on the RP-2014 (with MP-2014 improvement removed) Disability Mortality Table with future mortality improvement inherent in the social Security Administration's 2014 Trustee report.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE G - Pension Plan: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study in April 2015 and was based on member experience between June 30, 2010 and June 30, 2014. The demographic assumptions were undated as needed for the June 30, 2015 actuarial valuation based on the results of the study.

The long-term expected rate of return of pension plan investments was determined using a building-block approach that considered the target asset allocation from the Board's investment policy and capital market forecasts from various investment professionals.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Actual Allocations	Target Range
Public equity	23.6%	22.0%
Private equity	12.7%	14.0%
Fixed Income-Ex Inflation-Linked	20.1%	20.0%
Fixed Income - Inflation-Linked	7.3%	7.0%
Real estate	6.5%	7.0%
Commodities	7.9%	8.0%
Absolute Return	9.6%	10.0%
Risk Parity	11.1%	12.0%
Cash Overlay	1.2%	N/A
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and is equal to long-term expected return on plan investments, net of administrative expenses. The INPRS Board of Trustees has established a funding policy of setting the employer contribution rate equal to the greater of: 1) the current contribution rate of 11.2%, or 2) the actuarially determined contribution rate computed by the actuary using the assumptions and methods selected by the Board for the annual actuarial valuations.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE G - Pension Plan: (Continued)

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

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

1% Decrease (5.75%)	Discount rate (6.75%)	1% Increase (7.75%)
\$206,948	\$131,466	\$68,522

Pension Expense

For the year ended June 30, 2018, 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	\$1,719	\$9
Net differences between projected and actual investment earnings on pension plan investments	\$3,893	\$0
Changes in assumptions	\$313	\$21,109
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$2,424	\$3,898
Payment made after valuation	\$4,625	
Total	\$12,974	\$25,016

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)	
2019	\$3,074
2020	\$(6,485)
2021	\$(10,926)
2022	\$(2,330)
2023	\$0
Thereafter	\$(16,667)

The information presented above has not been audited

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018
(Continued)

NOTE H - Accounts Payable:

Accounts payable at September 30, 2018 consist of the following:

Vendors' Accounts Payable	\$ <u>16,913</u>
---------------------------	------------------

NOTE I - Accrued Liabilities:

Accrued liabilities at September 30, 2018, consist of the following:

Accrued wages/payroll taxes payable	\$ 2,367
Accrued compensated absences	3,310
Payments in lieu of taxes	<u>39,229</u>
 Total	 <u>\$44,906</u>

NOTE J - Unearned Revenue:

Unearned revenue at September 30, 2018 consists of the following:

Pre-Paid Rent	\$ 3,869
Unearned HUD revenue	<u>20,603</u>
 Total	 <u>\$ 24,472</u>

NOTE K- Noncurrent Liabilities:

Noncurrent liabilities at September 30, 2018, consist of the following:

	<u>09/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/18</u>	<u>Current Portion</u>	<u>Total</u>
Accrued compensated absences	\$ 0	\$ 8,957	\$ 0	\$ 8,957	\$ 3,310	\$ 12,267
Net pension liability	<u>178,462</u>	<u>0</u>	<u>46,996</u>	<u>131,466</u>	<u>0</u>	<u>131,466</u>
 Total	 <u>\$ 178,462</u>	 <u>\$ 8,957</u>	 <u>\$ 46,996</u>	 <u>\$140,423</u>	 <u>\$ 3,310</u>	 <u>\$ 143,733</u>

NOTE L- 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, 2018 were as follows:

Low Rent Public Housing	\$ 249,389
Capital Fund	<u>82,731</u>
 Total	 <u>\$ 332,481</u>

NOTE M - 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, 2018 were \$139,354.

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Continued)

NOTE N - Economic Dependency:

The Authority receives approximately 49% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Commitments and Contingencies:

Litigation: At September 30, 2018, 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, 2018.

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, 2018. 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 P - 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 Q - 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 May 15, 2019 (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 SUPPLEMENTARY 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>2017</u>	<u>2018</u>
Rockport Housing Authority's proportion of the net pension liability	.00384	.00387
Rockport Housing Authority's proportionate share of the net pension liability	\$ 178,462	\$ 131,466
Rockport Housing Authority's covered employee payroll	\$198,375	\$197,650
Rockport Housing Authority's proportionate share of the net pension liability as a percentage of it's covered employee payroll	90%	67%

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>2017</u>	<u>2018</u>
Contractually required contribution	\$ 22,662	\$ 20,613
Contributions in relation to the contractually required contribution	<u>22,662</u>	<u>20,613</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Rockport Housing Authority's covered employee payroll	\$198,375	\$197,650
Contributions as a percentage of covered employee payroll	11.42%	10%

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, 2018

	ACC		Totals
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 303,249	\$ 0	\$ 303,249
Restricted cash and cash equivalents	19,462	0	19,462
Accounts receivable, net	7,500	0	7,500
Prepaid expenses	31,340	0	31,340
Inventory, net	23,005	0	23,005
Current Assets	384,556	0	384,556
<u>Capital Assets</u>			
Land and other nondepreciable assets	233,661	0	233,661
Depreciable capital assets, net	741,999	0	741,999
Total Capital Assets	975,660	0	975,660
Total Assets	1,360,216	0	1,360,216
<u>Deferred outflow of resources</u>			
Pension related	12,974	0	12,974
Total Assets and Deferred Outflow of Resources	1,373,190	0	1,373,190
<u>LIABILITIES AND EQUITY</u>			
<u>Current liabilities</u>			
Accounts payable	16,913	0	16,913
Accrued liabilities	44,906	0	44,906
Unearned revenue	24,472	0	24,472
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	19,462	0	19,462
Current Liabilities	105,753	0	105,753
<u>Noncurrent liabilities</u>			
Accrued compensated absences	8,957	0	8,957
Net Pension Liability	131,466	0	131,466
Noncurrent Liabilities	140,423	0	140,423
Total liabilities	246,176	0	246,176
<u>Deferred inflow of resources</u>			
Pension related	25,016	0	25,016
<u>Net Position</u>			
Investment in capital assets	975,660	0	975,660
Unrestricted	126,338	0	126,338
TOTAL NET POSITION	\$ 1,101,998	\$ 0	\$ 1,101,998

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	ACC		Total
	A-2855		
	Low-Income Public Housing	Capital Fund Programs	
<u>OPERATING REVENUES:</u>			
Rental income	\$ 478,075	\$ 0	\$ 478,075
Other income	6,007	0	6,007
TOTAL OPERATING REVENUES	484,082	0	484,082
<u>OPERATING EXPENSES:</u>			
Administrative	176,123	0	176,123
Tenant services	1,325	0	1,325
Utilities	171,294	0	171,294
Ordinary maintenance and operation	347,875	0	347,875
Protective services	1,184	0	1,184
General expense	73,262	0	73,262
Depreciation expense	158,907	0	158,907
TOTAL OPERATING EXPENSES	929,970	0	929,970
OPERATING INCOME (LOSS)	(445,888)	0	(445,888)
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Federal operating grants	249,750	82,731	332,481
Gain on sale of capital assets	0	0	0
Interest income	1,248	0	1,248
TOTAL NONOPERATING REVENUES (EXPENSES)	250,998	82,731	333,729
Net income (loss) before capital contributions	(194,890)	82,731	(112,159)
Operating transfers	222,085	(222,085)	0
CAPITAL CONTRIBUTIONS	0	139,354	139,354
CHANGE IN NET POSITION	27,195	0	27,195
TOTAL NET POSITION - BEGINNING OF YEAR	1,074,803	0	1,074,803
TOTAL NET POSITION - END OF YEAR	\$ 1,101,998	\$ 0	\$ 1,101,998

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
ROCKPORT, INDIANA

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND COSTS - COMPLETED
SEPTEMBER 30, 2018

Annual Contributions Contract A-2855

	<u>501-14</u>	<u>501-15</u>
1. The Capital Fund Costs are as follows:		
Funds Approved	\$ 138,897	\$ 139,531
Funds Expended	<u>138,897</u>	<u>139,531</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 138,897	\$ 139,531
Funds Expended	<u>138,897</u>	<u>139,531</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Costs additions totaling \$ 13,345 were made during the current audit and, accordingly, were audited by Goldie Roberts, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Costs on the above Phase, accompanying the Actual Capital Fund Costs Certificate submitted to HUD are in agreement with the Authority records.
4. All Capital Fund work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$23,465	\$23,465		\$23,465
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$19,462	\$19,462		\$19,462
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$42,927	\$42,927		\$42,927
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$8,471	\$8,471		\$8,471
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,000	-\$1,000		-\$1,000
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$29	\$29		\$29
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$7,500	\$7,500		\$7,500
131 Investments - Unrestricted	\$279,784	\$279,784		\$279,784
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$31,340	\$31,340		\$31,340
143 Inventories	\$23,005	\$23,005		\$23,005
143.1 Allowance for Obsolete Inventories	\$0	\$0		\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$384,556	\$384,556		\$384,556
161 Land	\$172,342	\$172,342		\$172,342
162 Buildings	\$5,627,713	\$5,627,713		\$5,627,713
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$161,915	\$161,915		\$161,915
165 Leasehold Improvements	\$211,919	\$211,919		\$211,919
166 Accumulated Depreciation	-\$5,259,548	-\$5,259,548		-\$5,259,548
167 Construction in Progress	\$61,319	\$61,319		\$61,319
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$975,660	\$975,660		\$975,660
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	\$975,660	\$975,660		\$975,660
200 Deferred Outflow of Resources	\$12,974	\$12,974		\$12,974
290 Total Assets and Deferred Outflow of Resources	\$1,373,190	\$1,373,190		\$1,373,190
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$8,743	\$8,743		\$8,743
313 Accounts Payable >90 Days Past Due				

321	Accrued Wage/Payroll Taxes Payable	\$2,367	\$2,367	\$2,367
322	Accrued Compensated Absences - Current Portion	\$3,310	\$3,310	\$3,310
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$39,229	\$39,229	\$39,229
341	Tenant Security Deposits	\$19,462	\$19,462	\$19,462
342	Unearned Revenue	\$24,472	\$24,472	\$24,472
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other	\$8,170	\$8,170	\$8,170
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$105,753	\$105,753	\$105,753
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	\$8,957	\$8,957	\$8,957
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$131,466	\$131,466	\$131,466
350	Total Non-Current Liabilities	\$140,423	\$140,423	\$140,423
300	Total Liabilities	\$246,176	\$246,176	\$246,176
400	Deferred Inflow of Resources	\$25,016	\$25,016	\$25,016
508.4	Net Investment in Capital Assets	\$975,660	\$975,660	\$975,660
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$126,338	\$126,338	\$126,338
513	Total Equity - Net Assets / Position	\$1,101,998	\$1,101,998	\$1,101,998
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,373,190	\$1,373,190	\$1,373,190

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$407,188	\$407,188		\$407,188
70400 Tenant Revenue - Other	\$70,887	\$70,887		\$70,887
70500 Total Tenant Revenue	\$478,075	\$478,075	\$0	\$478,075
70600 HUD PHA Operating Grants	\$332,481	\$332,481		\$332,481
70610 Capital Grants	\$139,354	\$139,354		\$139,354
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,248	\$1,248		\$1,248
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	\$6,007	\$6,007		\$6,007
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$957,165	\$957,165	\$0	\$957,165
91100 Administrative Salaries	\$106,827	\$106,827		\$106,827
91200 Auditing Fees	\$6,636	\$6,636		\$6,636
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$340	\$340		\$340
91500 Employee Benefit contributions - Administrative	\$27,387	\$27,387		\$27,387
91600 Office Expenses	\$12,853	\$12,853		\$12,853
91700 Legal Expense	\$2,169	\$2,169		\$2,169
91800 Travel	\$493	\$493		\$493
91810 Allocated Overhead				
91900 Other	\$19,418	\$19,418		\$19,418
91000 Total Operating - Administrative	\$176,123	\$176,123	\$0	\$176,123
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$1,325	\$1,325		\$1,325
92500 Total Tenant Services	\$1,325	\$1,325	\$0	\$1,325
93100 Water	\$34,874	\$34,874		\$34,874
93200 Electricity	\$80,378	\$80,378		\$80,378
93300 Gas	\$30,985	\$30,985		\$30,985
93400 Fuel				
93500 Labor				
93600 Sewer	\$25,057	\$25,057		\$25,057
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$171,294	\$171,294	\$0	\$171,294

94100 Ordinary Maintenance and Operations - Labor	\$98,476	\$98,476		\$98,476
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,208	\$57,208		\$57,208
94300 Ordinary Maintenance and Operations Contracts	\$163,193	\$163,193		\$163,193
94500 Employee Benefit Contributions - Ordinary Maintenance	\$25,680	\$25,680		\$25,680
94000 Total Maintenance	\$344,557	\$344,557	\$0	\$344,557
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$1,184	\$1,184		\$1,184
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$1,184	\$1,184	\$0	\$1,184
96110 Property Insurance	\$36,775	\$36,775		\$36,775
96120 Liability Insurance				
96130 Workmen's Compensation	\$5,366	\$5,366		\$5,366
96140 All Other Insurance	\$278	\$278		\$278
96100 Total Insurance Premiums	\$42,419	\$42,419	\$0	\$42,419
96200 Other General Expenses				
96210 Compensated Absences	\$5,932	\$5,932		\$5,932
96300 Payments in Lieu of Taxes	\$24,911	\$24,911		\$24,911
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$30,843	\$30,843	\$0	\$30,843
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$767,745	\$767,745	\$0	\$767,745
97000 Excess of Operating Revenue over Operating Expenses	\$189,420	\$189,420	\$0	\$189,420
97100 Extraordinary Maintenance	\$3,318	\$3,318		\$3,318
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$158,907	\$158,907		\$158,907
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$929,970	\$929,970	\$0	\$929,970
10010 Operating Transfer In	\$83,092	\$83,092	-\$83,092	\$0
10020 Operating transfer Out	-\$83,092	-\$83,092	\$83,092	\$0
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$27,195	\$27,195	\$0	\$27,195

11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$1,074,803	\$1,074,803	\$1,074,803
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	1526	1526	1526
11270	Excess Cash	\$160,205	\$160,205	\$160,205
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$122,177	\$122,177	\$122,177
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$4,900	\$4,900	\$4,900
11650	Leasehold Improvements Purchases	\$74,915	\$74,915	\$74,915
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, 2018

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of The City of Rockport
601 Washington 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, 2018, 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 May 15, 2019.

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
May 15, 2019

HOUSING AUTHORITY OF THE CITY OF ROCKPORT
Rockport, Indiana

SEPTEMBER 30, 2018

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There are no prior year findings.

CURRENT AUDIT FINDINGS

There are no current findings.