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October 1, 2013

Board of Directors
Housing Authority of the City of Evansville
500 Court Street
Evansville, IN 47708

We have reviewed the audit report prepared by McCauley, Nicolas & Company, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Evansville, as of December 31, 2007 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**THE HOUSING AUTHORITY OF THE
CITY OF EVANSVILLE, INDIANA
Evansville, Indiana**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

for the year ended December 31, 2007

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Independent Auditors' Report

Board of Commissioners
The Housing Authority of
the City of Evansville, Indiana
Evansville, Indiana 47111

We have audited the accompanying financial statements the Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2007 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Evansville, Indiana as of December 31, 2007, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Board of Commissioners
The Housing Authority of
the City of Evansville, Indiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2008 on our consideration of the Authority's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Authority taken as a whole. The accompanying Schedule of Expenditures of Federal awards on page 22 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the basic financial statements. Additionally, the accompanying Financial Data Schedule on pages 34 through 37 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
September 29, 2008

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2007

The Housing Authority of the City of Evansville, Indiana ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of The Authority's financial activity, (c) identify changes in the Authority's net assets, and (d) identify individual fund issues or concerns.

Financial Highlights:

- The Authority's net assets increased by \$1.7 Million during 2007. The increase in net assets is primarily due to an increase in capital assets purchased through the Capital Fund Program. Net assets were \$21.9 Million and \$20.2 Million at December 31, 2007 and 2006, respectively.
- Operating revenues decreased by \$635 Thousand during 2007, and were approximately \$14.9 Million for 2007 \$15.6 Million for 2006.
- The total operating expenses for Authority programs decreased by \$316 Thousand. Total expenses were \$15.3 Million and \$15.7 Million for 2007 and 2006, respectively.

Introduction – The Housing Authority of the City of Evansville, Indiana

The Authority is a separate non-profit organization with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal Authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has no other organizational units. The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

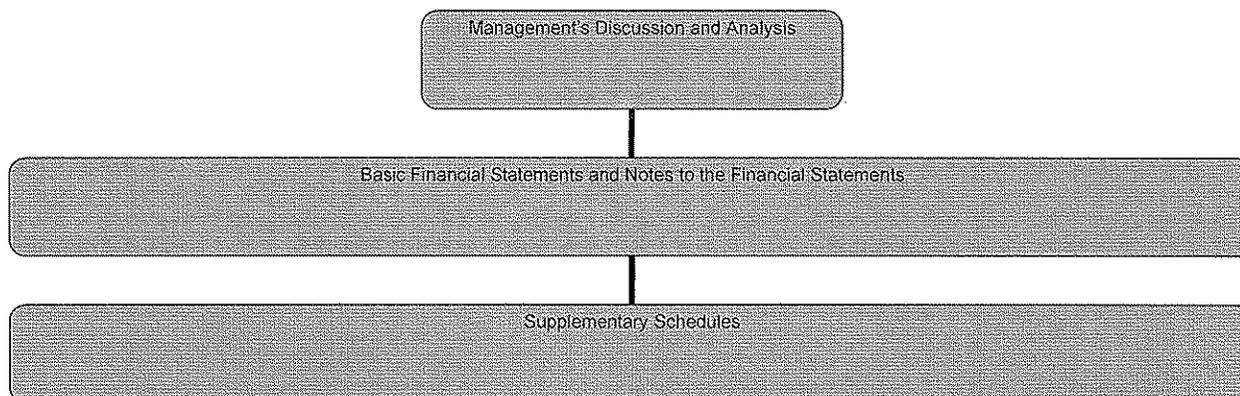
The Authority's financial statements include the operations of funds that the Authority has established to achieve its purposes. The financial transactions of the Authority are recorded in the funds that consist of a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses, as appropriate. The Authority is a self-supporting entity and follows enterprise fund reporting.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in net assets of the Authority. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow this section.

The Authority's financial statements consist of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Authority-wide financial statements and notes to the financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year ended December 31, 2007



The basic financial statements include three required statements, which provide different views of the Authority. They are the *Statement of Net Assets*, the *Statement of Revenues, Expenses and Changes in Net Assets* and the *Statement of Cash Flows*. These statements provide current and long-term information about the Authority and its activities.

The *Statement of Net Assets* includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Net Assets Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net Assets Restricted for Section 8: Notice PIH 2006-3 and subsequent interpretive guidance issued by HUD requires all public housing agencies to report overdrawn Housing Choice Voucher funds as restricted net assets. These assets are restricted for use only in the Housing Choice Voucher programs.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt" or Net Assets Restricted for Housing Choice Voucher". Such assets have no restrictions as to their use.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Assets*. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through externally funded programs, tenant rents and other revenue sources.

The primary purpose of the *Statement of Cash Flows* is to provide information about the Authority's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year ended December 31, 2007

In addition to the basic financial statements and accompanying notes, this report also presents both a statement of net assets and a statement of revenues, expenses and changes in net assets by program. These program statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Authority has many programs that are consolidated into a single enterprise fund. The programs consisted of the following:

Low Rent Public Housing Program

Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the participant's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease so that a family does not pay more than 40% of its adjusted monthly income towards rent and utilities.

Other Programs

In addition to the significant programs noted above, the Authority also maintains other programs. Currently, the Authority administers the following smaller programs:

- Business Activities
- HOME Buyers Program
- Youth Build Program
- New Construction/Substantial Rehabilitation Section 8 Program
- Resident Opportunity and Supportive Services Program
- Disaster Voucher Program
- Disaster Housing Assistance

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year ended December 31, 2007

Net Assets

The following table is a condensed summary of net assets at December 31:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Current assets	\$ 7,667,754	\$ 6,252,590	\$ 5,261,158
Noncurrent assets	<u>15,523,779</u>	<u>15,021,440</u>	<u>14,980,181</u>
Total Assets	<u>\$ 23,191,533</u>	<u>\$ 21,274,030</u>	<u>\$ 20,241,339</u>
Liabilities			
Current liabilities	\$ 990,887	\$ 700,063	\$ 854,418
Noncurrent liabilities	<u>272,261</u>	<u>324,457</u>	<u>303,790</u>
Total Liabilities	<u>\$ 1,263,148</u>	<u>\$ 1,024,520</u>	<u>\$ 1,158,208</u>
Net Assets			
Invested in capital assets	\$ 15,509,158	\$ 14,974,636	\$ 14,873,007
Unrestricted	4,240,593	3,924,815	3,547,870
Restricted for Section 8	<u>2,178,634</u>	<u>1,350,059</u>	<u>662,254</u>
Total Net Assets	<u>\$ 21,928,385</u>	<u>\$ 20,249,510</u>	<u>\$ 19,083,131</u>

Major Factors Affecting the Statement of Net Assets

For 2007, current assets increased \$1.4 Million. The increase occurred primarily in cash and cash equivalents, which rose from \$2.2 Million in 2006 to \$4.7 Million. The investments decreased from \$3.7 Million in 2006 to \$2.6 Million. The increase was driven by the Authority's 2007 receipt of \$540 Thousand of Housing Choice Voucher reimbursements received prior to the related expenses being incurred.

For 2006, current assets increased by \$1.0 Million. The increase occurred primarily in cash and cash equivalents, which rose from \$1.5 Million in 2005 to \$2.2 Million in 2006. The growth was driven by the Authority's 2006 receipt of \$688 Thousand of Housing Choice Voucher reimbursements received prior to the related expenses being incurred. The additional unexpended funds are included under net assets restricted for Housing Choice Voucher.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued

Year ended December 31, 2007

Revenues, Expenses and Changes in Net Assets

The following table is a condensed summary of revenue, expenses and changes in net assets for the year ended December 31, 2007.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues			
Tenant rent	\$ 2,121,864	\$ 2,133,190	\$ 2,145,136
HUD grants	12,673,843	12,937,374	13,252,529
Other revenue	<u>141,149</u>	<u>500,102</u>	<u>203,666</u>
Total Operating Revenues	<u>14,936,856</u>	<u>15,570,666</u>	<u>15,601,331</u>
Expenses			
Administrative expenses	2,670,784	2,866,251	2,294,231
Tenant services	89,067	144,695	205,307
Utilities	1,028,823	938,774	907,802
Maintenance and operations	1,414,166	1,313,676	1,666,000
General expenses	463,439	462,957	457,105
Housing assistance payments	8,508,447	8,693,801	8,824,193
Depreciation	<u>1,167,101</u>	<u>1,236,260</u>	<u>1,097,114</u>
Total Operating Expenses	<u>15,341,827</u>	<u>15,656,414</u>	<u>15,451,752</u>
Operating Income (Loss)	(404,971)	(85,748)	149,579
Nonoperating revenue	<u>2,083,846</u>	<u>1,252,127</u>	<u>585,319</u>
Change in Net Assets	<u>\$ 1,678,875</u>	<u>\$ 1,166,379</u>	<u>\$ 734,898</u>

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets

During 2007, the Authority's operating loss was \$405 Thousand, which included \$1.2 Million in non-cash depreciation expense. Nonoperating revenue, which increased by \$2.1 Million consisted primarily of capital subsidies received from HUD which are used for construction of capital assets and operations.

During 2006, the Authority's operating loss was \$86 thousand, which included \$1.2 Million in non-cash depreciation expense. Nonoperating revenue, which increased by \$667 Thousand compared to 2005, consisted primarily of capital subsidies received from HUD which are used for the construction of capital assets.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

MANAGEMENT DISCUSSION AND ANALYSIS—Continued
Year ended December 31, 2007

Capital Assets

As of December 31, 2007, the Authority had \$15.5 million invested in a variety of capital assets as reflected in the following table.

	<u>2007</u>		<u>2006</u>		<u>2005</u>
Land	\$ 1,335,642	\$	1,335,642	\$	1,335,642
Buildings	37,669,376		35,323,742		35,873,962
Furniture and Equipment	1,681,246		1,721,166		1,594,193
Construction in Progress	348,365		1,002,582		1,201,777
Accumulated Depreciation	<u>(25,525,471)</u>		<u>(24,408,496)</u>		<u>(25,081,550)</u>
Net Capital Assets	<u>\$ 15,509,158</u>	\$	<u>14,974,636</u>	\$	<u>14,924,024</u>

In 2007, the Authority made capital expenditures of \$1.9 Million while recognizing depreciation expense of \$1.2 Million.

In 2006, the Authority made capital expenditures of \$1.3 Million while recognizing depreciation expense of \$1.2 Million.

Debt Administration

At the end of the current fiscal year, the Authority had \$202,909 in outstanding debt compared to \$2,909 and \$41,017 at December 31, 2006 and December 31, 2005, respectively. The increase in debt is a result of securing funds for normal course of business.

Requests of Information

This financial report is designed to provide a general overview of the Authority's finances and resources. Questions concerning any of this information should be addressed to The Housing Authority of the City of Evansville, Indiana, 500 Court Street, Evansville, Indiana, 47708

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

STATEMENT OF NET ASSETS - PROPRIETARY FUND
December 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$	4,280,901
Cash - tenant security deposits		111,533
Cash - tenant escrow accounts		314,239
Investments		2,556,104
Accounts receivable - HUD		353,691
Accounts receivable - tenants, net		18,596
Accounts receivable - miscellaneous		971
Notes receivable - current portion		14,621
Inventory		10,000
Prepaid expenses and other current assets		<u>7,098</u>

TOTAL CURRENT ASSETS 7,667,754

PROPERTY AND EQUIPMENT

Land		1,335,642
Buildings		37,669,376
Furniture, equipment and machinery - dwellings		635,044
Furniture, equipment & machinery - administrative		1,046,202
Construction in progress		<u>348,365</u>
		41,034,629
Less accumulated depreciation		<u>(25,525,471)</u>
Property and equipment, net		<u>15,509,158</u>

NONCURRENT ASSETS

Notes receivable, net of current portion		<u>14,621</u>
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TOTAL ASSETS \$ 23,191,533

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$	202,909
Accounts payable		202,073
Accounts payable - HUD		32,078
Accounts payable - other government		111,000
Tenant security deposits		101,171
Accrued compensated absences		129,039
Accrued wages and payroll taxes		125,141
Accrued expenses		46,075
Other current liabilities		<u>41,401</u>

TOTAL CURRENT LIABILITIES 990,887

NONCURRENT LIABILITIES

Other noncurrent liabilities		<u>272,261</u>
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TOTAL LIABILITIES 1,263,148

NET ASSETS

Invested in capital assets		15,509,158
Unrestricted net assets		4,240,593
Restricted net assets		<u>2,178,634</u>

TOTAL NET ASSETS 21,928,385

TOTAL LIABILITIES AND NET ASSETS \$ 23,191,533

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-
PROPRIETARY FUND
for the year ended December 31, 2007

OPERATING REVENUE

Tenant revenue	\$ 2,121,864
HUD PHA operating grants	12,673,843
Fraud recovery income	10,039
Other revenue	172,542
Loss on disposal of property and equipment	<u>(41,432)</u>

TOTAL OPERATING REVENUE 14,936,856

OPERATING EXPENSES

Administration	2,670,784
Tenant service	89,067
Utilities	1,028,823
Ordinary maintenance and operations	1,414,166
General expenses	463,439
Housing assistance payments	8,508,447
Depreciation expense	<u>1,167,101</u>

TOTAL OPERATING EXPENSES 15,341,827

Operating income (loss) (404,971)

NONOPERATING REVENUE (EXPENSE)

Capital fund grant	1,841,442
Interest revenue	242,635
Interest expense	<u>(231)</u>

TOTAL NONOPERATING REVENUE 2,083,846

CHANGE IN NET ASSETS 1,678,875

Net assets, beginning of year 20,249,510

Net assets, end of year \$ 21,928,385

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

STATEMENT OF CASH FLOWS -PROPRIETARY FUND
for the year ended December 31, 2007

OPERATING ACTIVITIES	
Cash received from dwelling rent	\$ 2,088,854
Cash received from HUD grants	14,464,834
Interest earned	242,635
Other cash received	186,644
Cash payments for operating expenses	(13,980,965)
Interest paid	<u>(231)</u>
Net cash provided by operating activities	<u>3,001,771</u>
INVESTING ACTIVITIES	
Purchase of property and equipment	(1,893,081)
Proceeds from disposal of property and equipment	27,862
Proceeds from notes receivable	1,867
Proceeds from investments, net	1,190,783
Net additions to tenants' escrow account	<u>(57,365)</u>
Net cash used by investing activities	<u>(729,934)</u>
FINANCING ACTIVITIES	
Advances on line of credit	<u>200,000</u>
Cash provided by investing activities	<u>200,000</u>
Net increase in cash	2,471,837
OPERATING CASH AND CASH EQUIVALENTS	
Beginning of year	<u>1,809,064</u>
End of year	<u>\$ 4,280,901</u>
OPERATING ACTIVITIES	
Change in net assets	\$ 1,678,875
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	1,167,101
Amortization expense	16,395
Bad debt expense	36,215
Loss on disposal of equipment	41,432
Other changes to property and equipment	122,164
(Increase) decrease in:	
Tenants' accounts receivable	(45,868)
Accounts receivable - HUD	(82,529)
Accounts receivable - miscellaneous	4,063
Prepaid expenses and other assets	2,740
Inventory - materials and supplies	22,555
Increase (decrease) in:	
Accounts payable	(144,740)
Accounts payable - HUD	32,078
Accounts payable - other government	(734)
Tenant security deposits	12,858
Accrued expenses	46,075
Accrued compensated absences	5,833
Accrued wages and payroll taxes	(12,616)
Other current liabilities	41,401
Other noncurrent liabilities	<u>58,473</u>
Net cash provided by operating activities	<u>\$ 3,001,771</u>

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Housing Authority of Evansville (the "Authority") is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Authority, a nonprofit organization, is organized under the laws of the State of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 1,074 public housing units and administers 1,906 Section 8 units under an Annual Contributions Contract in Evansville, Indiana.

Reporting Entity

The Authority is a non-profit organization with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority to control its affairs without requiring approval of the City government and it recruits and employs its personnel staff. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has no other organizational units. The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority. Consequently, in accordance with the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that The Housing Authority of the City of Evansville, Indiana is a separate reporting entity.

Basis of Presentation

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designated to recover its costs.

In accordance with Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with or contradict a GASB pronouncement.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

The Authority's activities include the following programs:

Low Rent Public Housing Program

Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the participant's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease so that a family does not pay more than 40% of its adjusted monthly income towards rent and utilities.

Other Programs

In addition to the significant programs noted above, the Authority also maintains other programs. Currently, the Authority administers the following smaller programs:

- Business Activities
- HOME Buyers Program
- Youth Build Program
- New Construction Section 8 Program
- Resident Opportunity and Supportive Services Program
- Disaster Voucher Program
- Disaster Housing Assistance

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation-continued

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Revenue Recognition

Tenant rent revenue is recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

The Authority has entered into annual contribution contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 programs whereby the Authority pays the owner a portion of the rent, a housing assistance payment (HAP), on behalf of the family. Such contributions are reflected as HUD grants in the accompanying financial statements.

Use of Estimates

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

Cash Equivalents

The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2007.

Allowance for Doubtful Accounts

The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. The balance of the reserve for doubtful accounts is approximately \$30,565 at December 31, 2007, and is deducted against accounts receivable to properly reflect the realizable value.

Investments

All investments are reflected at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are restricted by the provisions of the HUD Regulations. Investments consist primarily of bank certificates of deposits with original maturities greater than three months.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Notes and Mortgages Receivable

Notes and mortgages receivable are carried at the principal amount outstanding net of an allowance for doubtful accounts.

Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost or market, reported on a first-in, first-out basis.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the basis of the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 10 - 39 years for building and improvements and 5 - 7 years for dwelling equipment and administrative office furniture and equipment.

Net Assets

GASB Statement 34 requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues, and unamortized debt expense reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital asses, net of related debt.”

Budget Approval

The Authority adopts a budget that is approved by the Board of Commissioners.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—CASH DEPOSITS AND INVESTMENTS

In March 2003, the GASB issued Statement No. 40 "Deposits and Investment Risk Disclosures," which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB Statement No. 3) focused only on custodial credit risk. GASB Statement No. 40 not only addresses custodial credit risk but other common areas of investment risk as well, including interest rate risk, credit risk, and concentration of credit risk. Additionally, in accordance with Section 401(E) of the HUD/PHA Annual Contributions Contract, it is the policy of the Authority to invest its funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow needs of the Authority, and comply with all federal, State and local statutes or ordinances governing the investment of public funds.

During the year ended December 31, 2007, the Authority held cash and investments with several financial institutions. Investments are primarily certificates of deposits.

A. Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company of depository financial institutions. With respect to its cash operating and Housing Choice Voucher accounts, funds are collateralized with U.S. government securities.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Authority's investment policy limits investments to provide the optimum return on the investment consistent with the cash management program of the Authority.

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—CASH DEPOSITS AND INVESTMENTS—Continued

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments.

The Authority's investment policy requires investment in instruments authorized by HUD Notice PIH 95-27.

D. Concentration of Credit Risk

The Authority's investment policy requires diversification of the overall portfolio to eliminate the risk of loss resulting from an over-concentration of assets in a specific maturity, a specific issuer and/or a specific class of securities.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of an investment or a deposit. All of the Authority's deposits and investments are denominated in United States currency.

The carrying value of cash and investments owned at December 31, 2007 was \$7,262,777. The bank balance of cash and investments owned at December 31, 2007 was \$7,314,086.

Following is a summary of cash and investments as of December 31, 2007, at cost which approximates fair value:

	<u>2007</u>	<u>2007</u>
	<u>Fair Value</u>	<u>Bank Balance</u>
Cash	<u>\$4,706,673</u>	<u>\$4,757,982</u>
Investments	<u>\$2,556,104</u>	<u>\$2,556,104</u>

NOTE 3—NOTES AND MORTGAGES RECEIVABLE

In June 1999, the Authority loaned \$85,000, from the Housing Choice Voucher program, to a nonprofit organization to allow the organization to purchase a shopping center across the street from one of the Authority's projects. The Authority's goal was to have a retail center developed, providing housing residents with a nearby place to shop.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 3—NOTES AND MORTGAGES RECEIVABLE—Continued

The nonprofit organization subsequently went bankrupt; however, the former treasurer of that organization has continued to make periodic payments of \$100 a month on the note. As of December 31, 2007, the balance of the note was \$80,000. Management has provided an allowance of \$80,000 at December 31, 2007. However, the note has not been written off because it is secured by the shopping center.

To aid low income families in purchasing homes through the Homebuyers Program, the Authority loans the buyer a down payment on the mortgage and takes a promissory note secured by a subordinated deed of trust upon the real estate. Providing the borrower does not refinance, sell, or transfer the property and is not in default of any other deed of trust on the property, no payments are required. The balance on the mortgages receivable as of December 31, 2007 was \$29,242, of which \$14,621 is shown as current in the Statement of Net Assets – Proprietary Fund. The Authority has elected to forgive the loans evenly over a 10-year period. The amortized portion of the forgiveness of loans was approximately \$16,400 during the year ended December 31, 2007.

NOTE 4—PROPERTY AND EQUIPMENT

The following is the detailed transactions of property and equipment during the year ended December 31, 2007:

	Balance at 1/1/07	Additions	Disposals	Transfers	Balance at 12/31/07
Land	\$ 1,335,642	\$ -	\$ -	\$ -	\$ 1,335,642
Buildings and improvements	35,323,742	-	(150,026)	2,495,660	37,669,376
Dwelling equipment	613,064	29,248	(7,268)		635,044
Administrative office furniture and equipment	1,108,101	22,391	(84,290)		1,046,202
Construction in progress	1,002,583	1,841,442	-	(2,495,660)	348,365
	<u>\$ 39,383,132</u>	<u>\$ 1,893,081</u>	<u>\$ (241,584)</u>	<u>\$ -</u>	<u>\$ 41,034,629</u>

Total depreciation expense for the year ended December 31, 2007 was \$1,167,101.

NOTE 5—LINE OF CREDIT

The Authority has a revolving line of credit with the Bank of Evansville which expires October 20, 2008, with maximum borrowings of \$230,000. The line of credit has an interest rate of prime less .25% and is secured by various real estate of the Authority located in Evansville, Indiana. The balance was \$202,909 at December 31, 2007. The prime rate was 7.25% at December 31, 2007.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 6—RETIREMENT PLAN

The Authority contributes to the Indiana Public Employee's Retirement Fund (PERF), an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. PERF was created and is governed by State statutes I.C.S.5-10.2 and 5-10.3. As such, it is PERF's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. The Plan is qualified under the Internal Revenue Code Section 401(1) and is tax exempt.

PERF is a contributory defined benefit plan which covers substantially all Authority employees. PERF retirement benefits vest after 10 years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions are met. A participant may retire with full benefits at age 60 with 15 or more years of service, or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions are met, a participant may retire with 100% of the defined pension at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earnings within the 10 years preceding retirement. Participants who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

PERF participants have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described in the paragraph above.

PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

Participants are required to contribute 3% of their annual salaries to an annuity savings account that may be withdrawn at any time with interest should a participant terminate employment. The Authority is required by State Statute to contribute at an actuarially determined rate. The current rate is 4.25% of annual covered payroll. The contribution requirements of PERF participants are determined by State statute. During 2007, the Authority made contributions of approximately \$101,000.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 6—RETIREMENT PLAN—Continued

The PERF funding policy provides for actuarially determined periodic contributions at rates that, for individual participants, increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the Authority's PERF participant group as a whole has tended to remain level as a percentage of annual covered payroll. The required contributions were determined as part of the July 1, 2005 actuarial valuation using the entry age normal cost method. The asset valuation method is 75% of expected actuarial value plus 25% of market value. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases based on PERF experience from 1995 to 2000; and (c) assumed annual post retirement benefit increases of 1.00%. PERF uses the level percentage of payroll method to amortize the unfunded liability over a closed 30-year period.

NOTE 7—COMPENSATED ABSENCES

Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave is not vested and is not paid to an employee upon separation. Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. Sick leave is recorded as an expense as the employee utilizes it. A liability has been recorded for compensated absences of approximately \$129,000 as of December 31, 2007.

NOTE 8—INCOME TAXES

The Authority has qualified with the Internal Revenue Service and the Indiana Department of Revenue as a tax-exempt organization for income tax purposes and, accordingly, there is no provision in the financial statements for federal or state income taxes.

NOTE 9—RISK MANAGEMENT

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims to date have not exceeded coverage levels, and insurance coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 10—MAJOR FUNDING SOURCE/CONCENTRATION OF RISK

The Authority is substantially funded by Federal awards. Management does not anticipate any material change in funding.

A portion of the labor costs of the Authority are attributable to employees under a collective bargaining agreement. Consequently, the Authority is subject to this agreement with respect to wages and other labor-related matters.

NOTE 11—CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 12—RELATED PARTY INFORMATION

The Authority has transacted certain activity with various entities that are managed by a member of the Board of Commissioners. The Board member does not have any ownership in these entities, but rather receives a management fee for managing the operations of these entities. These entities (not the Board member) received housing assistance payments of approximately \$789,000 during 2007 through the Authority's Housing Choice Voucher Program. The HUD Indianapolis office has provided the Authority a waiver allowing the Board member to serve in the capacity as a commissioner and continue his role in managing these entities.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended December 31, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Low Rent Public Housing	14.850a	\$2,427,436
Housing Choice Vouchers	14.871	9,367,582
Public Housing Capital Fund Program	14.872	1,994,615
Section 8 New Construction/Substantial Rehabilitation Program	14.182	546,372
Resident Opportunity and Supportive Services	14.864	68,766
Opportunities for Youth Build Program	14.243	90,217
Disaster Housing Program	14.DVP	12,424
Disaster Housing Assistance Grant	97.109	<u>7,873</u>
		<u>\$14,515,285</u>

Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
The Housing Authority of the City of Evansville, Indiana
Evansville, Indiana 47111

We have audited the financial statements of the Housing Authority of the City of Evansville, Indiana (the "Authority") as of and for the year ended December 31, 2007, and have issued our report thereon dated September 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Evansville, Indiana's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Evansville, Indiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Evansville, Indiana's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is no more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. (Finding 07-01-Financial Management Deficiencies).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency, as referred to above, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Evansville, Indiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 07-01.

This report is intended solely for the information and use of the Board, management and grantor agencies and is not intended to be and should not be used by anyone other than these specific parties.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
September 29, 2008



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
The Housing Authority of
the City of Evansville, Indiana
Evansville, Indiana 47111

Compliance

We have audited the compliance of the Housing Authority of the City of Evansville, Indiana (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Evansville, Indiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Evansville, Indiana's compliance with those requirements.

In our opinion, the Housing Authority of the City of Evansville, Indiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the Housing Authority of the City of Evansville, Indiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Evansville, Indiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Evansville, Indiana's internal control over compliance.

A control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management and grantor agencies and is not intended to be and should not be used by anyone other than these specific parties.

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
September 29, 2008

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended December 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Housing Authority of the City of Evansville, Indiana.
2. The auditor noted one deficiency relating to the audit of the financial statements that is reported in the 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*.
3. The auditor noted one instance of noncompliance material to the financial statements of the Housing Authority of the City of Evansville, Indiana.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Housing Authority of the City of Evansville, Indiana expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to major federal award programs for Housing Authority of the City of Evansville, Indiana which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

Description	Federal CFDA No.
Low Rent Public Housing	14.850a
Housing Choice Vouchers	14.871
Public Housing Capital Fund Program	14.872
Section 8 New Construction/Substantial Rehabilitation Program	14.182

8. The threshold for distinguishing Type A and B programs was \$435,459.
9. The Authority was not determined to be a low-risk auditee.

B. FINDINGS—FINANCIAL STATEMENTS AUDIT

Finding 07-01: Financial Management Deficiencies

The Housing Authority of the City of Evansville, Indiana (the Authority) operated without a Fiscal Director for most of 2007. Although the Authority was utilizing the services of an outside organization to provide accounting services, many control and operational functions were not being performed. This had a significant impact on Evansville's ability to perform its core accounting functions.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued
for the year ended December 31, 2007

B. FINDINGS—FINANCIAL STATEMENTS AUDIT—Continued

Condition and Cause: The Housing Authority of the City of Evansville, Indiana operated without a Finance Director for most of 2007. Although a Finance Director was hired in October 2007, accounting personnel did not have proper oversight and supervision during much of the fiscal year. Consequently, numerous adjustments were recorded subsequent to the year-end closing. This lack of overall management of its accounting and financial reporting function during 2007 limited the effectiveness of Evansville's ability to record and report accurate and timely financial information. Some conditions noted include, but are not limited, to the following:

- General ledger total balances were out of balance (debits did not equal credits). Individual general ledgers by projects were also out of balance.
- Monthly reconciliations of various account balances were not performed in a timely manner or at all, including bank statements not being timely reconciled.
- Balances reported as net assets did not agree to prior year ending balances.
- Capital fund activity was not properly recorded, including transfer of assets.

Criteria: Financial records should be monitored on an on-going basis.

Recommendation: Evansville needs to assess its current policies and procedures to ensure that internal controls over key accounting and financial reporting processes are established and adhered to, including the timely reconciling of account balances.

Management's Response:

Management concurs with the finding. The Finance Director was hired in October 2007. We are reviewing our current policies and procedures to ensure that our internal controls over key accounting and financial reporting processes are established which include the timely reconciling of account balances.

C. FINDINGS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended December 31, 2007

FINDINGS—FINANCIAL STATEMENTS AUDIT

Finding 06-01: Material Adjusting Journal Entries were Recorded During the Year End Audit

Condition: Audit journal entries were proposed to correct previously undetected material misstatements in the Authority's accounting records.

Recommendation: Management should designate personnel with a high degree of accounting knowledge to oversee the accounting function and perform the duties of a controller. In additions, this person should ensure the accounting work and regular bookkeeping are being performed regularly and accurately. This individual should supervise accounting staff and review and post all manual journal entries.

Status: This adjustment finding is also a finding for the year ended December 31, 2007 and has been incorporated in Finding 07-01.

Finding 06-02: Bank Reconciliations were not Performed in a Timely Manner

Condition: Reconciliations of bank and investment accounts for the period ended December 31, 2006 were conducted in July and August 2007. Cash is most susceptible to misappropriation, hence the Authority should implement strong internal controls over every aspect of cash management.

Recommendation: All cash accounts should be reconciled to the bank statements on a monthly basis and all accounting any adjustments identified through the reconciliations be made prior to the close of each month's accounting activity.

Status: The bank reconciliation finding is also a finding for the year ended December 31, 2007 and has been incorporated in Finding 07-01.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS—Continued
for the year ended December 31, 2007

FINDINGS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 06-03: Inadequate Eligibility Documentation and Incomplete Tenant Files

Condition: During the testing of tenant eligibility, certain files examined did not have signed HUD Form 9886, Authorization for Release of Information and Privacy Act Notice. Additionally, certain files did not contain the original tenant application form. Several instances were also noted where HUD-52517 (Request for Tenancy Approval) form was not completed or signed.

Recommendation: Procedures should be implemented to ensure that all required documentation is maintained in the files and that controls are in place to ensure compliance with federal regulations.

Status: This issue was not a finding for the year ended December 31, 2007.

Finding 06-04: Incomplete Documentation of Housing Quality Standards (HQS) Inspections and Delay in Conducting Inspections

Condition: During the testing of HQS inspections, one tenant file was noted with an incomplete HQS inspection report. In addition, the Authority had failed to conduct annual inspections in a timely manner.

Recommendation: Procedures should be implemented to ensure that all required documentation is maintained in the files and that controls are in place to insure that HQS inspections are conducted in a timely manner.

Status: This issue was not a finding for the year ended December 31, 2007.

Finding 06-05: Waiting List for Housing Choice Voucher Program was not Accurate

Condition: Individuals who had been issued vouchers were also noted on the waiting list.

Recommendation: The Authority should update their software to maintain an accurate waiting list.

Status: This issue was not a finding for the year ended December 31, 2007.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS—Continued
for the year ended December 31, 2007

Finding 06-06: Tenant Complaints and Follow-up Inspections were not Properly Documented

Condition: Documentation of tenant complaints and follow-up actions were missing. The Authority also did not perform follow-up inspections on several deficiency notices within 30 days for non-life threatening deficiencies.

Recommendation: The Authority should implement procedures to ensure that all required documentation is maintained in the file and that controls are in place to ensure that HQS inspections are conducted in a timely manner.

Status: This issue was not a finding for the year ended December 31, 2007.

Finding 06-07: Certain Cash and Investment Accounts were not Secured

Condition: Certain investments held by the Authority did not meet HUD's depository requirements.

Recommendation: Funds should be adequately secured in accordance with applicable laws and federal regulations.

Status: The Authority has obtained security agreements with its financial institutions to provide adequate collateral guarantees.



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Commissioners
The Housing Authority of
the City of Evansville, Indiana
Evansville, Indiana 47111

We have performed the procedure described in the second paragraph, which was agreed to by The Housing Authority of the City of Evansville, Indiana (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the OMB Circular A-133 reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the Housing Authority as of and for the year ended December 31, 2007, and have issued our reports thereon dated September 29, 2008. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 29, 2008 was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package required by OMB Circular A-133, which includes the auditors' reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

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

McCauley, Nicolas & Company, LLC

McCauley, Nicolas & Company, LLC
Certified Public Accountants

Jeffersonville, Indiana
September 30, 2008

**ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURE**

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	Agrees
Footnotes (data element G5000-010)	Footnotes to audited basic financial statements.	Agrees
Type of opinion on FDS (data element G5100-010)	Auditor's supplemental report on FDS	Agrees
Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
General information (data element series G2000, G2100, G2200, G2300, G9000, G9100)	OMB Data Collection Form	Agrees
Financial statement report information (data element G3000-010 to G3000-050, G3100-010 to G3100-030, G3200-010 to G3200-030, G3300-010 to G3300-060, G3400-010 to G3400-020)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Agrees
Federal program report information (data element G4000-010 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Agrees
Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form	Agrees
Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

FINANCIAL DATA SCHEDULE

PHA: IN016 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program 1	Disaster Housing Assistance Grant	Total
111	Cash - Unrestricted	\$111,666	\$0	\$0	\$1,447,639	\$0	\$2,642,486	\$0	\$0	\$79,110	\$0	\$4,280,901
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,978	\$0	\$41,978
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$272,261	\$0	\$0	\$0	\$0	\$272,261
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$111,533	\$0	\$0	\$0	\$0	\$0	\$0	\$111,533
100	Total Cash	\$111,666	\$0	\$0	\$1,559,172	\$0	\$2,914,747	\$0	\$0	\$121,088	\$0	\$4,706,673
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$17,519	\$20,371	\$0	\$0	\$315,801	\$0	\$0	\$0	\$353,691
125	Accounts Receivable - Miscellaneous	\$971	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$971
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$49,161	\$0	\$0	\$0	\$0	\$0	\$0	\$49,161
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	(\$30,565)	\$0	\$0	\$0	\$0	\$0	\$0	(\$30,565)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,621	\$0	\$14,621
120	Total Receivables, net of allowances for doubtful accounts	\$971	\$0	\$17,519	\$38,967	\$0	\$0	\$315,801	\$0	\$14,621	\$0	\$387,879
131	Investments - Unrestricted	\$0	\$0	\$0	\$2,556,104	\$0	\$0	\$0	\$0	\$0	\$0	\$2,556,104
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$7,098	\$0	\$0	\$0	\$0	\$0	\$0	\$7,098
143	Inventories	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$192,274	\$49,795	\$0	\$4,162,698	\$14,063	\$589,037	\$0	\$0	\$0	\$0	\$5,007,867
150	Total Current Assets	\$304,911	\$49,795	\$17,519	\$8,334,039	\$14,063	\$3,503,784	\$315,801	\$0	\$135,709	\$0	\$12,675,621
161	Land	\$25,400	\$0	\$0	\$1,305,242	\$0	\$0	\$0	\$0	\$5,000	\$0	\$1,335,642
162	Buildings	\$1,214,388	\$0	\$0	\$36,284,671	\$0	\$0	\$0	\$0	\$170,317	\$0	\$37,669,376
163	Furniture, Equipment & Machinery - Dwellings	\$7,799	\$0	\$0	\$627,245	\$0	\$0	\$0	\$0	\$0	\$0	\$635,044
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$970,460	\$0	\$75,742	\$0	\$0	\$0	\$0	\$1,046,202
166	Accumulated Depreciation	(\$510,850)	\$0	\$0	(\$24,958,479)	\$0	(\$56,142)	\$0	\$0	\$0	\$0	(\$25,525,471)
167	Construction In Progress	\$0	\$0	\$0	\$0	\$0	\$0	\$348,365	\$0	\$0	\$0	\$348,365
160	Total Fixed Assets, Net of Accumulated Depreciation	\$736,737	\$0	\$0	\$14,229,139	\$0	\$19,600	\$348,365	\$0	\$175,317	\$0	\$15,509,158
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,621	\$0	\$14,621
180	Total Non-Current Assets	\$736,737	\$0	\$0	\$14,229,139	\$0	\$19,600	\$348,365	\$0	\$189,938	\$0	\$15,523,779
190	Total Assets	\$1,041,648	\$49,795	\$17,519	\$22,563,178	\$14,063	\$3,523,384	\$664,166	\$0	\$325,647	\$0	\$28,199,400

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

FINANCIAL DATA SCHEDULE—Continued

PHA: IN016 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program 1	Disaster Housing Assistance Grant	Total
312	Accounts Payable <= 90 Days	\$5,040	\$0	\$0	\$191,775	\$0	\$4,891	\$0	\$0	\$367	\$0	\$202,073
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$101,026	\$0	\$24,115	\$0	\$0	\$0	\$0	\$125,141
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$108,804	\$0	\$20,235	\$0	\$0	\$0	\$0	\$129,039
331	Accounts Payable - HUD PHA Programs	\$0	\$18,015	\$0	\$0	\$14,063	\$0	\$0	\$0	\$0	\$0	\$32,078
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$111,000	\$0	\$0	\$0	\$0	\$0	\$0	\$111,000
341	Tenant Security Deposits	\$3,750	\$0	\$0	\$97,421	\$0	\$0	\$0	\$0	\$0	\$0	\$101,171
348	Loan Liability - Current	\$202,909	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$202,909
345	Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,401	\$0	\$41,401
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$46,075	\$0	\$0	\$0	\$0	\$0	\$0	\$46,075
347	Interprogram Due To	\$266,423	\$0	\$17,519	\$3,075,194	\$0	\$1,278,847	\$315,801	\$0	\$52,856	\$1,227	\$5,007,867
310	Total Current Liabilities	\$478,122	\$18,015	\$17,519	\$3,731,295	\$14,063	\$1,328,088	\$315,801	\$0	\$94,624	\$1,227	\$5,998,754
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$272,261	\$0	\$0	\$0	\$0	\$272,261
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$0	\$272,261	\$0	\$0	\$0	\$0	\$272,261
300	Total Liabilities	\$478,122	\$18,015	\$17,519	\$3,731,295	\$14,063	\$1,600,349	\$315,801	\$0	\$94,624	\$1,227	\$6,271,015
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$736,737	\$0	\$0	\$14,229,139	\$0	\$19,600	\$348,365	\$0	\$175,317	\$0	\$15,509,158
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$2,178,634	\$0	\$0	\$0	\$0	\$2,178,634
512.1	Unrestricted Net Assets	(\$173,211)	\$31,780	\$0	\$4,602,744	\$0	(\$275,199)	\$0	\$0	\$55,706	(\$1,227)	\$4,240,593
513	Total Equity/Net Assets	\$563,526	\$31,780	\$0	\$18,831,883	\$0	\$1,923,035	\$348,365	\$0	\$231,023	(\$1,227)	\$21,928,385
600	Total Liabilities and Equity/Net Assets	\$1,041,648	\$49,795	\$17,519	\$22,563,178	\$14,063	\$3,523,384	\$664,166	\$0	\$325,647	\$0	\$28,199,400

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

FINANCIAL DATA SCHEDULE—Continued

PHA: IN016 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth_Youthuid Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program 1	Disaster Housing Assistance Grant	Total
703	Net Tenant Rental Revenue	\$53,724	\$0	\$0	\$2,068,140	\$0	\$0	\$0	\$0	\$0	\$0	\$2,121,864
705	Total Tenant Revenue	\$53,724	\$0	\$0	\$2,068,140	\$0	\$0	\$0	\$0	\$0	\$0	\$2,121,864
706	HUD PHA Operating Grants	\$0	\$546,372	\$90,217	\$2,427,436	\$68,766	\$9,367,582	\$153,173	\$12,424	\$0	\$7,873	\$12,673,843
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$1,841,442	\$0	\$0	\$0	\$1,841,442
711	Investment Income - Unrestricted	\$0	\$0	\$0	\$143,111	\$0	\$94,662	\$0	\$0	\$4,862	\$0	\$242,635
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$10,039	\$0	\$0	\$0	\$0	\$10,039
715	Other Revenue	\$60,864	\$0	\$0	\$85,572	\$0	\$25,966	\$0	\$0	\$140	\$0	\$172,542
716	Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$0	(\$69,294)	\$0	\$27,862	\$0	\$0	\$0	\$0	(\$41,432)
700	Total Revenue	\$114,588	\$546,372	\$90,217	\$4,654,965	\$68,766	\$9,526,111	\$1,994,615	\$12,424	\$5,002	\$7,873	\$17,020,933
911	Administrative Salaries	\$0	\$0	\$63,946	\$409,560	\$0	\$536,947	\$0	\$1,129	\$0	\$6,646	\$1,018,228
912	Auditing Fees	\$0	\$0	\$0	\$62,100	\$0	\$10,800	\$0	\$0	\$0	\$0	\$72,900
914	Compensated Absences	\$0	\$0	\$0	\$3,290	\$0	\$2,542	\$0	\$0	\$0	\$0	\$5,832
915	Employee Benefit Contributions - Administrative	\$0	\$0	\$0	\$284,597	\$0	\$168,239	\$0	\$0	\$0	\$0	\$452,836
916	Other Operating - Administrative	\$22,244	\$0	\$26,271	\$712,203	\$0	\$215,719	\$138,084	\$0	\$6,467	\$0	\$1,120,988
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$43,308	\$0	\$0	\$0	\$0	\$0	\$43,308
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$18,032	\$0	\$0	\$0	\$0	\$0	\$18,032
924	Tenant Services - Other	\$12,071	\$0	\$0	\$7,554	\$7,426	\$0	\$676	\$0	\$0	\$0	\$27,727
931	Water	\$1,621	\$0	\$0	\$110,313	\$0	\$0	\$0	\$0	\$0	\$0	\$111,934
932	Electricity	\$1,675	\$0	\$0	\$566,362	\$0	\$0	\$0	\$0	\$0	\$0	\$568,037
933	Gas	\$2,096	\$0	\$0	\$346,756	\$0	\$0	\$0	\$0	\$0	\$0	\$348,852
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$500,237	\$0	\$19,735	\$0	\$0	\$0	\$0	\$519,972
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$189,958	\$0	\$0	\$0	\$0	\$0	\$0	\$189,958
943	Ordinary Maintenance and Operations - Contract Costs	\$9,069	\$0	\$0	\$507,166	\$0	\$0	\$0	\$0	\$0	\$0	\$516,235
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$188,001	\$0	\$0	\$0	\$0	\$0	\$0	\$188,001
961	Insurance Premiums	\$500	\$0	\$0	\$197,655	\$0	\$0	\$0	\$0	\$0	\$0	\$198,155
962	Other General Expenses	\$0	\$0	\$0	\$87,548	\$0	\$10,785	\$0	\$0	\$19,735	\$0	\$118,068
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$111,000	\$0	\$0	\$0	\$0	\$0	\$0	\$111,000
964	Bad Debt - Tenant Rents	\$3,192	\$0	\$0	\$33,024	\$0	\$0	\$0	\$0	\$0	\$0	\$36,216
967	Interest Expense	\$231	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231
969	Total Operating Expenses	\$52,699	\$0	\$90,217	\$4,317,324	\$68,766	\$984,767	\$138,760	\$1,129	\$26,202	\$6,646	\$5,666,510
970	Excess Operating Revenue over Operating Expenses	\$61,889	\$546,372	\$0	\$337,641	\$0	\$8,561,344	\$1,855,855	\$11,295	(\$21,200)	\$1,227	\$11,354,423
973	Housing Assistance Payments	\$0	\$514,592	\$0	\$0	\$0	\$7,980,106	\$0	\$11,295	\$0	\$2,454	\$8,508,447
974	Depreciation Expense	\$49,436	\$0	\$0	\$1,105,405	\$0	\$12,260	\$0	\$0	\$0	\$0	\$1,167,101
900	Total Expenses	\$102,135	\$514,592	\$90,217	\$5,422,729	\$68,766	\$8,957,133	\$138,760	\$12,424	\$26,202	\$9,100	\$15,342,058
1001	Operating Transfers In	\$0	\$0	\$0	\$14,412	\$0	\$0	\$0	\$0	\$0	\$0	\$14,412
1002	Operating Transfers Out	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,412)	\$0	\$0	\$0	(\$14,412)
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$14,412	\$0	\$0	(\$14,412)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$12,453	\$31,780	\$0	(\$753,352)	\$0	\$568,978	\$1,841,443	\$0	(\$21,200)	(\$1,227)	\$1,678,875

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
Evansville, Indiana

FINANCIAL DATA SCHEDULE—Continued

PHA: IN016 FYED: 12/31/2007

Line Item No.	Account Description	Business Activities	N/C S/R Section 8 Programs	Opportunities for Youth_Youthb uild Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program 1	Disaster Housing Assistance Grant	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$551,073	\$320,870	\$0	\$17,089,575	\$0	\$1,033,187	\$1,002,582	\$0	\$252,223	\$0	\$20,249,510
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$320,870)	\$0	\$2,495,660	\$0	\$320,870	(\$2,495,660)	\$0	\$0	\$0	\$0
1120	Unit Months Available	168	168	0	11,532	0	22,872	0	0	12	0	34,752
1121	Number of Unit Months Leased	108	108	0	10,021	0	22,568	0	0	12	0	32,817
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	(\$255,599)	\$0	\$0	\$0	\$0	(\$255,599)
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$2,178,634	\$0	\$0	\$0	\$0	\$2,178,634