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June 5, 2014

Board of Directors  
Housing Authority of the City of New Albany  
P.O. Box 11  
300 Erni Avenue  
New Albany, IN 47151-0011

We have reviewed the audit report prepared by McCauley, Nicolas & Company, LLC, Independent Public Accountants, for the period April 1, 2008 to March 31, 2009. 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 New Albany, as of March 31, 2009 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 NEW ALBANY  
New Albany, Indiana**

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

**for the year ended March 31, 2009**

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Independent Auditors' Report

Board of Commissioners  
The Housing Authority of  
the City of New Albany  
New Albany, Indiana 47150

We have audited the accompanying financial statement of the Housing Authority of the City of New Albany as of and for the year ended March 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of New Albany'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 Controller 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 New Albany as of March 31, 2009, and the results of its operations, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the Housing Authority of the City of New Albany's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 important for assessing the results of our audit.

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MEMBER

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The Management's Discussion and Analysis on pages 3 through 11 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements 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 31 through 40 is presented for purposes of additional analysis and is not a required part of the basic 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  
December 9, 2009

## HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

March 31, 2009

The management of the Housing Authority of the City of New Albany (the Authority) offers readers this discussion and analysis of the Authority's financial statements, including a narrative overview and discussion of the financial activities of the Authority for year ended March 31, 2009.

The MD&A is specifically designed to: 1) assist the reader in focusing on significant financial issues; 2) provide a broad scope overview of the Authority's financial activities; 3) identify and explain changes in the Authority's financial position and 4) highlight any individual funding source issues or concerns.

Since the MD&A is designed to present basic financial statements in a narrative, executive summary format, the reader is encouraged to consider the information presented here in conjunction with the Authority's audited financial statements.

This MD&A is intended to serve as an introduction to the Authority's basic financial statements. The 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; (a) fund financial statements and (b) a series of notes to the financial statements. These provide information about the activities of the Authority as a whole and present a longer-term view of the 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 AUTHORITY AS A WHOLE

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows report information about the Authority as whole and about its activities in a format that helps the reader assess the result of operations for fiscal year 2009. Each statement is a condensed presentation of sources of funding and major activities. 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 take into account regardless of when cash is received or paid.

### FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$21,133,020 at the close of the fiscal year ended March 31, 2009. Net Assets are categorized as follows:
  - ✓ Unrestricted assets of \$7,031,696 may be used to meet the Authority's ongoing obligations to citizens and creditors.
  - ✓ Restricted assets, \$295,819 of Section 8 dollars used for their designated purpose according to HUD regulations.
  - ✓ The remainder of \$13,805,505 represents the net amount invested in land, building, furnishings, equipment, and remodeling construction.

## **FINANCIAL HIGHLIGHTS**—Continued

- Total Tenant Revenue collections consistent with prior year due to high capacity occupancy
- Total HUD operating grants decreased due to Congressional funding at less than requested amount
- Total Expenses increased 3.2% over prior fiscal year due to costs of higher occupancy and cost of living as well as storm-damage related expenses

## **FUND FINANCIAL STATEMENTS**

All of the funds of the 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 Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Authority's financial statements report its net assets and changes in them. One can think of the Authority's net assets – 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 assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider 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 Authority.

## **USING THIS ANNUAL REPORT**

The Authority's annual report consists of financial statements that show combined information about the Authority's most significant programs, the Low Rent Housing Program, Section 8 Housing Choice Voucher Program, Public Housing Capital Fund Program, Resident Opportunity Self-Sufficiency, Nonfederal, Valley View Court, and Disaster Housing Assistance Program.

The Authority 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 this report.

## **REPORTING THE AUTHORITY'S MOST SIGNIFICANT PROGRAMS**

The Authority's financial statements provide detailed information about the most significant programs. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Authority establishes other funds 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.

## **REPORTING THE AUTHORITY'S MOST SIGNIFICANT PROGRAMS**—Continued

The Authority uses the following accounting approach for Proprietary funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator. The statements evaluated include:

Statement of Net Assets – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations, if any.

Statement of Revenues, Expenses and Changes Funds, Net Assets – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses.

Statement of Cash Flows – reports the Authority's use of cash for investing and operating activities.

The Authority maintains its books and records utilizing the accrual basis of accounting. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

The following is a description of the programs and services that the Authority provides for its residents:

### **LOW INCOME PUBLIC HOUSING**

The New Albany Housing Authority owns approximately 1,083 units in developments in the City of New Albany. The 1,083 units owned by the Authority consist of elderly/disabled and family units. The Authority is responsible for the management and maintenance for all units and sites and certain utilities. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Operating Expense Level, Allowable Utilities Expenses Level, Allowable Add-ons and Audit Cost that becomes the Authority's Total Allowable Expenses. HUD will fund a portion of the difference between the Total Allowable Expenses and the amount of rents that the Authority can charge their tenants based upon HUD eligibility calculation. Funding is subject to prorating due to congressional appropriation and may not be sufficient to fund 100% of the requested amount.

### **SECTION 8 HOUSING CHOICE VOUCHER PROGRAM**

This grant program provides rental assistance to help extremely low and low-income families afford decent, safe, and sanitary rent housing. Qualifying tenants have their income analyzed utilizing HUD's guidelines and their rents are assessed accordingly. The Authority receives a fixed amount of budget authority on an annual basis to assist families. The Authority had approval and funding for 408 vouchers during the year ended March 31, 2009.

### **CAPITAL FUND PROGRAM**

HUD awards this grant program on an annual basis. The purposes of this grant are to maintain the physical improvements of the Authority's sites and the administrative management to ensure completion of improvements in the most effective and efficient manner. The Authority requisitions funds from HUD as the Authority expends funds.

**REPORTING THE AUTHORITY'S MOST SIGNIFICANT PROGRAMS**—Continued

**RESIDENT OPPORTUNITY AND SELF-SUFFICIENCY**

HUD awards this grant program on a competitive basis. Award periods vary with some lasting as long as three years. The purpose of this grant is to provide services to tenants that will assist them with everyday activities and enhance their life experiences and promote the economic and housing self-sufficiency of those tenants.

**NON-FEDERAL FUNDS**

These are grants awarded to the Authority by sources other than HUD. These grants were researched and applied for by the Authority and funds are intended to provide services for residents that were not funded under the HUD program.

**VALLEY VIEW COURT**

Valley View Court consists of 40 homes located in a subdivision in New Albany, Indiana. The homes of Valley View Court were acquired in the 1930's as the original properties for the New Albany Housing Authority. The homes and improvements were fully depreciated before inclusion in these financial statements. The book value shown reflects original land value and recent improvements.

The Authority has project-based 40 of their Section 8 vouchers as allowed by HUD. Rents are calculated at fair market value.

**DISASTER HOUSING ASSISTANCE PROGRAM**

Funding was received to facilitate delivery of safe and decent housing to families and individuals who have been displaced from their housing by Hurricanes Katrina and Rita. Disaster Housing Assistance Program (DHAP) is a rental assistance program that provided housing for families through March 1, 2009. Pursuant to an Inter-Agency Agreement signed by the Federal Emergency Management Agency (FEMA) and the Department of Housing and Urban Development (HUD), HUD serves as administrator of the DHAP for FEMA. The Authority was notified that funding would be available for two displaced families in our area.

## AUTHORITY-WIDE CONDENSED FINANCIAL STATEMENTS

### STATEMENT OF NET ASSETS

<b>CURRENT AND OTHER ASSETS</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>
Cash	\$ 2,550,252	\$ 2,334,971	\$ 215,281
Other current assets	6,334,491	5,594,077	740,414
Property and equipment (net)	<u>13,805,505</u>	<u>12,994,549</u>	<u>810,956</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 22,690,248</u></b>	<b><u>\$ 20,923,597</u></b>	<b><u>\$ 1,766,651</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 751,197	\$ 162,220	\$ 588,977
Other current liabilities	<u>806,031</u>	<u>819,853</u>	<u>(13,822)</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,557,228</u></b>	<b><u>982,073</u></b>	<b><u>575,155</u></b>
<b>NET ASSETS</b>			
Net investment in capital assets	13,805,505	12,994,549	810,956
Unrestricted	7,031,696	6,512,779	518,917
Restricted	<u>295,819</u>	<u>434,196</u>	<u>(138,377)</u>
<b>TOTAL NET ASSETS</b>	<b><u>21,133,020</u></b>	<b><u>19,941,524</u></b>	<b><u>1,191,496</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 22,690,248</u></b>	<b><u>\$ 20,923,597</u></b>	<b><u>\$ 1,766,651</u></b>

### MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Total assets are \$22,690,248 and \$20,923,597 at March 31, 2009 and March 31, 2008, respectively, representing an increase of \$1,766,651. Capitalized Assets (Net) is a major component of Total Assets, and is determined by adding new assets, disposing of assets, and recording current depreciation. Accumulated depreciation reflects depreciation expense (\$1,609,363) that is recorded to recover the cost of assets over a specified period of time. Depreciation reduces the carrying value of the underlying asset but does not affect the cash flow of operations. The Statement of Capital Assets provides detail of assets and depreciation.

Cash and current assets increased \$955,695. Accounts receivable, a component of current assets, has increased \$550,203. The Authority will receive reimbursement from the insurance company for storm damage expenditures, \$164,049, as well as reimbursement for expenditures in ROSS and Capital Fund programs, \$140,557 and \$679,488, respectively. Net Tenant Accounts Receivable decreased \$446.

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS**—Continued

The increase in liabilities, \$575,155, was due to several outstanding invoices for the bathroom renovation project underway at four sites. Also included are ordinary year-end payables associated with payroll.

Net Assets is presented in conformity with GASB 34. Net Assets are \$21,133,020 and \$19,941,524 at March 31, 2009 and March 31, 2008, respectively, representing an increase of \$1,191,496. This is the overall gain experienced by the authority for the fiscal year.

The component Unrestricted Net Assets increased by \$518,917. This component represents funds that can be used to meet future obligations.

Restricted Net Assets decreased by \$138,377. The total dollars for the fiscal year, \$295,819 represent funds available to house Section 8 participants. HUD regulations identify those monies as subject to restrictions of use. The decrease in dollars indicates that current year expense exceeded subsidy.

**STATEMENT OF AGENCY WIDE REVENUES, EXPENSES, AND NET ASSETS**

**STATEMENT OF REVENUES**

<u>Source</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Tenant Revenue	\$ 2,222,347	\$ 2,224,233	\$ (1,886)
HUD Operating Grants	6,290,099	6,562,641	(272,542)
Capital Grants	2,380,004	588,256	1,791,748
Other Income	318,815	333,007	(14,192)
<b>Total Revenues</b>	<b><u>\$11,211,265</u></b>	<b><u>\$ 9,708,137</u></b>	<b><u>\$1,503,128</u></b>

The increase in revenue for the year ended March 31, 2009 is directly related to Capital Grants. Tenant Revenue decreased \$1,886 and indicates occupancy and tenant income was similar to the prior year, while subsidy decreased as Congress continued to fund at less than the requested amounts.

Capital Fund money is comprised of two components, capitalized and expendable. Hard costs, totaling \$2,380,004, are dollars expended for assets that are capitalized and depreciated over their useful life, while soft costs, totaling \$587,190, refer to obligations of normal operations. Utilized funds increased due to the scope and nature of projects funded, the bathroom renovations and replacement of vinyl siding on units.

Significant sources of other income for the year ended March 31, 2009, were \$114,784 interest income, \$283,251 miscellaneous income from work orders and similar occupancy related items. At March 31, 2009, the Authority also replaced \$94,295 of property and equipment not completely depreciated. The loss included previous bathroom improvements at Beechwood for \$81,538, and removal of dumpster enclosures at Parkview for \$7,482. The balance of written off equipment is associated with upgrading appliances in various units.

## STATEMENT OF EXPENSES

<u>Activity</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Administrative	\$ 1,372,594	\$ 1,386,730	\$ (14,136)
Tenant Services	281,455	278,164	3,291
Utilities	1,415,384	1,294,528	120,856
Maintenance	1,941,383	1,880,522	60,861
Housing Assistance Payment	2,210,352	2,046,159	164,193
Depreciation	1,609,363	1,775,127	(165,764)
Protective Services	126,340	98,375	27,965
General Expenses	958,732	912,886	45,846
Extraordinary Maintenance	102,516	11,127	91,389
Fraud	1,650	21,945	(20,295)
<b>Total Expenses</b>	<b><u>\$10,019,769</u></b>	<b><u>\$ 9,705,563</u></b>	<b><u>\$ 314,206</u></b>

The total increase in operating expense from 2008 to 2009 was \$314,206. The increase is 3.2% and anticipated given the increase in cost of living nationwide (up 5.8% for 2009), especially utilities, maintenance supplies, and employee benefits.

The decrease in Administrative expense is attributed to employee expense. Personnel changes due to retirement and downsizing lead to decreased wage expense and associated benefits. As the Asset Management model of management evolved, the agency continued to redefine various job descriptions, assess its need of personnel, and then act to streamline costs.

Tenant Services and Housing Assistance Payments are direct expenses of providing quality affordable homes and assisting residents to achieve independence. These expenses are expected to rise in conjunction with increased occupancy rates and cost of living.

Depreciation expense decreased due to life cycles of the underlying capitalized assets. Our capitalization policy specifies a threshold of \$500 for capitalization of an asset with a life expectancy of longer than one year. The first and last year of depreciation is at fifty percent of the allowable expense.

Protective Services expense for providers of security monitoring at our sites increased as well as salary and benefits for internal security personnel. Some security cameras have been replaced due to vandalism. The dollar value is less than our insurance deductible so the cost is out of pocket.

General expenses include various categories of expense such as insurance, contract expense, office supplies, employee training, all reflecting increased expense due to rising costs from providers and increased management need for training to meet the existing standards of HUD and position the agency for future opportunities.

Extraordinary Contract expense increased because of wind and ice storms that affected our properties during the fiscal year. FEMA funds were received to help offset expense from the September like windstorm. Most costs of cleaning up debris were not covered by insurance. The Authority has recorded all expected reimbursement from the insurance company for funds expended. At the close of the fiscal year, repair and restoration of properties are still in progress.

### STATEMENT OF CAPITAL ASSETS

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Land	\$ 598,285	\$ 598,285	\$ -
Buildings	33,285,232	32,514,495	770,737
Equipment-dwelling	556,614	558,178	(1,564)
Equipment-administration	1,861,387	2,227,269	(365,882)
Leasehold improvements	8,617,668	6,879,354	1,738,314
Accumulated depreciation	<u>(31,113,681)</u>	<u>(29,783,032)</u>	<u>(1,330,649)</u>
	<u>\$13,805,505</u>	<u>\$12,994,549</u>	<u>\$ 810,956</u>

Capital Assets increased \$2,141,605 without the implication of accumulated depreciation.

Buildings and Leasehold Improvements increased due to various expenditures that included the exterior vinyl project and significant work on bathroom renovations at AMP One and AMP Three. At Mark Elrod Tower and Riverview Towers there was expense for HVAC replacement. The increase in Equipment-Administration for replacement of office equipment was due to normal wear and obsolescence.

The difference in the accumulated depreciation account was due to the net effect of current year depreciation expense, purchases of new equipment, and writing off the cost and accumulated depreciation of obsolete and/or disposed equipment. The net effect is an increase to capital assets of \$810,956.

### LONG TERM DEBT

The Authority has no long-term debt outstanding at March 31, 2009.

### ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by Federal budget than by local economic conditions. The amount that each local housing agency is eligible to receive to cover the gap between public housing rent revenues and operating costs is set by a federal formula. If Congress has failed to provide sufficient funding to cover the full subsidies that we are eligible to receive under the formula, the agency must find a way to raise revenue, cut costs, or tap other resources to make up for the shortfall.

## ECONOMIC FACTORS—Continued

Funding for the fiscal year ended March 31, 2009 was at 84.3%. We anticipate further cuts in funding but plan to seek out additional resources to mitigate the negative effect on our residents. HUD notified the Authority of the award of formula Capital Funds, \$2,142,124 from the American Recovery and Reinvestment Act of 2009. These dollars are not available for everyday operations. HUD expects this funding to provide employment for thousands of construction workers nationwide as opportunity arises to substantially modernize public housing units. HUD made this funding available for obligation by the Authority on March 17, 2009.

During this fiscal year the agency fully converted to the asset management program explained in PIH Notice 2006-14. While asset management does not change our mission, it is designed to give us new tools to manage our resources more efficiently. One tool, the process of assigning costs to the site receiving the benefit, has helped management identify the properties that are self-sustaining. The agency plans to bring each AMP to profitability. Strategies and models are being developed and assessed by management.

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor, supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rent income.
- Income inflationary pressure on utility rates, supplies, and other costs.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Mr. Robert Lane, Executive Director  
New Albany Housing Authority  
P.O. Box 11  
New Albany, Indiana 47151-0011

THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY  
New Albany, Indiana

STATEMENT OF NET ASSETS - PROPRIETARY FUND  
March 31, 2009

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 2,550,252
Cash - tenants' escrow account	60,227
Accounts receivable - HUD	820,045
Accounts receivable - miscellaneous	217,895
Accounts receivable - tenants, net	5,946
Accounts receivable - fraud recovery, net	5,771
Certificates of deposit - unrestricted	5,118,243
Prepaid expenses and other assets	25,317
Inventory - materials and supplies, net	81,047

**TOTAL CURRENT ASSETS** 8,884,743

**PROPERTY AND EQUIPMENT**

Land	598,285
Buildings	33,285,232
Furniture, equipment and machinery - dwellings	556,614
Furniture, equipment and machinery - administration	1,861,387
Leasehold improvements	8,617,668
	<u>44,919,186</u>
Less accumulated depreciation	<u>(31,113,681)</u>
Property and equipment, net	<u>13,805,505</u>

**TOTAL ASSETS** \$ 22,690,248

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Bank overdraft	\$ 301,220
Accounts payable	751,197
Accounts payable - HUD	8,350
Accounts payable - other government	40,299
Accrued compensated absences	47,579
Tenant security deposits	188,123
Deferred revenue	48,753
Accrued expenses	51,808
Other liabilities	119,899

**TOTAL CURRENT LIABILITIES** 1,557,228

**NET ASSETS**

Invested in capital assets	13,805,505
Unrestricted net assets	7,031,696
Restricted net assets	295,819

**TOTAL NET ASSETS** 21,133,020

**TOTAL LIABILITIES AND NET ASSETS** \$ 22,690,248

See notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

New Albany, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-

PROPRIETARY FUND

for the year ended March 31, 2009

**OPERATING REVENUE**

Tenant revenue	\$ 2,222,347
HUD PHA operating grants	6,290,099
Other government grants	4,562
Fraud recovery	10,513
Other revenue	283,251
Loss on disposal of property and equipment	<u>(94,295)</u>

**TOTAL OPERATING REVENUE**

8,716,477

**OPERATING EXPENSES**

Administrative	1,372,594
Tenant service	281,455
Utilities	1,415,384
Ordinary maintenance and operations	1,941,383
Protective services	126,340
Insurance premiums	376,472
Other general expenses	582,260
Housing assistance payments	2,210,352
Depreciation expense	<u>1,609,363</u>

**TOTAL OPERATING EXPENSES**

9,915,603

Operating loss

(1,199,126)

**NONOPERATING REVENUE (EXPENSE)**

Interest revenue	114,784
Extraordinary maintenance and casualty losses	(102,516)
Fraud losses	<u>(1,650)</u>

**TOTAL NONOPERATING REVENUE**

10,618

Loss before capital fund grant

(1,188,508)

Capital fund grant

2,380,004

**CHANGE IN NET ASSETS**

1,191,496

Net assets, beginning of year

19,941,524

Net assets, end of year

\$ 21,133,020

See notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**

New Albany, Indiana

**STATEMENT OF CASH FLOWS-PROPRIETARY FUND**

for the year ended March 31, 2009

**OPERATING ACTIVITIES**

Cash received from tenants	\$ 2,259,174
HUD PHA grants	8,195,952
Other government grants	4,562
Interest earned	114,784
Other cash received	125,822
	<u>10,700,294</u>

Administrative expenses	1,435,572
Tenant service	281,455
Utilities	1,415,384
Ordinary maintenance and operating	1,336,925
Protective services	126,340
Insurance premiums	376,472
Other general expenses	594,390
Extraordinary maintenance	102,516
Housing assistance payments	2,187,307
	<u>7,856,361</u>

Net cash provided by operating activities 2,843,933

**INVESTING ACTIVITIES**

Purchase of property and equipment	(2,546,208)
Purchase of certificates of deposit	(106,117)
Net additions to tenants' escrow account	23,045

Net cash used by investing activities (2,629,280)

Net increase in cash 214,653

**OPERATING CASH AND CASH EQUIVALENTS**

Beginning of year	<u>2,034,379</u>
End of year	<u>\$ 2,249,032 *</u>

**OPERATING ACTIVITIES**

Change in net assets	\$ 1,191,496
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	1,609,363
Bad debt expense	133,483
Fraud losses	1,650
Loss on disposal of property and equipment	94,295
(Increase) decrease in:	
Tenants' accounts receivable	(133,037)
Accounts receivable - HUD	(482,501)
Accounts receivable - fraud recovery	(1,296)
Accounts receivable - miscellaneous	(166,646)
Prepaid expenses and other assets	(18,297)
Inventory - materials and supplies	9,303
Increase (decrease) in:	
Accounts payable	620,570
Accounts payable - HUD	8,350
Accounts payable - other government	(12,130)
Accrued compensated absences	(44,681)
Tenant security deposits	12,163
Deferred revenue	24,218
Accrued expenses	(31,643)
Other liabilities	29,273

Net cash provided by operating activities \$ 2,843,933

\* Cash reconciliation as reported on the Statement of Net Assets:

Cash	\$ 2,550,252
Bank Overdraft	(301,220)
	<u>\$ 2,249,032</u>

See notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Housing Authority of New Albany (the "Authority") is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representation 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 1,083 public housing units and administers 408 Section 8 units under Annual Contributions Contract C-912 in New Albany, Indiana.

Reporting Entity

In evaluating the Authority as a reporting entity, the City of New Albany (the City) does not bear responsibility for the Authority's operations. The Mayor of the City appoints an independent Board of Commissioners to oversee the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Authority is not an obligation of the City; the City does not review or approve the Authority's budget; is not entitled to any surplus funds generated by the Authority's operations; and is not responsible for any deficits incurred by 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 New Albany 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 NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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 March 31, 2009.

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 allowance for doubtful accounts was \$53,518 for accounts receivable – tenants. The allowance for doubtful accounts was \$51,946 for accounts receivable – fraud recovery. Management believes all other accounts receivables as of March 31, 2009 were collectible and no allowance was necessary.

Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost or market, reported on a first-in, first-out basis. Management has established an allowance for obsolete inventory which totaled \$34,102.

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 - 30 years for building and leasehold improvements and 5 - 10 years for building equipment, furniture, maintenance equipment and miscellaneous assets.

Revenue and Expenses

Revenue from rentals is recorded as earned over the life of the lease, and expenses are charged against such revenue as incurred without regard to the date of receipt or payment of cash.

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.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 2—CASH DEPOSITS**

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.

**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 as of March 31, 2009, were insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company or depository financial institutions. The deposits exceeding the insured or registered limits are collateralized with securities held by the Authority's financial institution.

**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.

**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.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 2—CASH DEPOSITS—Continued**

**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, including tenants' escrow account and certificates of deposit owned at March 31, 2009, was \$2,309,259 and \$5,118,243, respectively. The bank balance of cash, including tenants' escrow accounts and certificates of deposit owned at March 31, 2009 was \$2,470,084 and \$5,118,243, respectively.

**NOTE 3—FAIR VALUE MEASUREMENT**

The financial statements reflect the adoption of Statement of Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007. SFAS No. 157 established a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurement.

In accordance with SFAS 157, fair value is defined as the price that the Authority would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. SFAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 3—FAIR VALUE MEASUREMENT—Continued**

- Level 2 – Observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Authority's assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

Fair values of financial assets measured on a recurring basis at March 31, 2009 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 5,118,243	\$ -	\$5,118,243	\$ -

**NOTE 4—PROPERTY AND EQUIPMENT**

The following is the detail of property and equipment transactions during the year ended March 31, 2009:

	Balance <u>3/31/08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>3/31/09</u>
Land	\$ 598,285	\$ -	\$ -	\$ -	\$ 598,285
Buildings	32,514,495	1,147,917	(377,180)	-	33,285,232
Furniture, equipment and machinery-dwellings	558,178	-	(1,564)	-	556,614
Furniture, equipment and machinery-administration	2,227,269	89,765	(25,859)	(429,788)	1,861,387
Leasehold improvements	6,879,354	1,308,526	-	429,788	8,617,668
	<u>\$42,777,581</u>	<u>\$2,546,208</u>	<u>\$ (404,603)</u>	<u>\$ -</u>	<u>\$44,919,186</u>

Total depreciation expense for the year ended March 31, 2009 was \$1,609,363.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 5—RESTRICTED NET ASSETS**

In accordance with guidelines established by HUD, any housing assistance payment (HAP) budget authority provided to a housing authority in excess of actual program expenses for the same period must be maintained as restricted net assets to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$295,819 as restricted net assets at March 31, 2009 in the Housing Choice Voucher Program.

**NOTE 6—RETIREMENT PLAN**

The Authority has a non-contributory retirement plan which covers substantially all employees and is approved by the Department of Housing and Urban Development. Monthly premiums are based on a percentage of participants' annual salaries. Total expense under this plan was \$166,148 for the year ended March 31, 2009.

The Authority also has a 457(b) deferred compensation plan. Eligible employees may contribute a portion of their annual salary to the plan. The Authority will match contributions up to 6% on behalf of eligible employees. As of March 31, 2009, the Authority had contributed \$16,622 to the plan.

**NOTE 7—COMPENSATED ABSENCES**

Regular full and part-time employees receive Paid Time Off (PTO) based upon length of employment. PTO benefits accumulate and can be carried forward to successive years. Accordingly, at March 31, 2009, a liability of \$47,579 has been recorded for accrued compensated absences.

**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—MAJOR FUNDING SOURCE**

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

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

NOTES TO FINANCIAL STATEMENTS—Continued  
March 31, 2009

**NOTE 10—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.

**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—SUBSEQUENT EVENTS**

The Authority has evaluated events and transactions for potential recognition or disclosure through December 9, 2009, the date the financial statements were available for issuance.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the year ended March 31, 2009

<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		\$ 3,154,569
Resident Opportunity and Supportive Services	14.870		275,660
Section 8 Housing Choice Vouchers	14.871		2,272,680
Public Housing – Capital Fund Program			
Operating Grant Funds	14.872	\$ 587,190	
Capital Grant Funds	14.872	<u>2,380,004</u>	
			2,967,194
Disaster Housing Assistance Grant	97.109		<u>4,562</u>
			<u>\$ 8,674,665</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.

THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY  
New Albany, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
for the year ended March 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Housing Authority of the City of New Albany (the "Authority").
2. No significant deficiencies relating to the audit of the financial statements are 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. No instances of noncompliance material to the financial statements of the Authority were disclosed during the audit.
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 auditor's report on compliance for the major federal award programs for the Authority expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to major federal awards programs for the Authority which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as a major program included:

<u>Description</u>	<u>Federal CFDA No.</u>
Low Rent Public Housing	14.850a
Capital Fund Grant	14.872
Resident Opportunity and Supportive Services	14.870

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS—FINANCIAL STATEMENTS AUDIT

None.

C. FINDING—MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs.

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
for the year ended March 31, 2009

None.

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 New Albany  
New Albany, Indiana 47150

We have audited the financial statements of the Housing Authority of the City of New Albany (the "Authority"), a nonprofit organization, as of and for the year ended March 31, 2009, and have issued our report thereon dated December 9, 2009. 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 *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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity'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 disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, 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  
December 9, 2009

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 New Albany  
New Albany, Indiana 47150

Compliance

We have audited the compliance of the Housing Authority of the City of New Albany (the "Authority"), a nonprofit organization, 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 March 31, 2009. 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 Authority'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 Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

### Internal Control Over Compliance

The management of the Authority 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 Authority's internal control over compliance with the 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, 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 Authority's internal control over compliance.

A control deficiency in an entity'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 entity'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 entity's internal control.

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

Our consideration of 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 of Commissioners, 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  
December 9, 2009

**Independent Accountant's Report on Applying Agreed-Upon Procedure**

The Housing Authority of  
the City of New Albany  
New Albany, Indiana 47150

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of New Albany (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 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 March 31, 2009, and have issued our reports thereon dated December 9, 2009. 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 Housing Authority's Financial Data Schedule (FDS) dated December 9, 2009, 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 auditor's 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.

*McCaughey, Nicolas & Company, LLC*

McCaughey, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 13, 2009

**Attachment to Independent Accountant's Report  
on Applying Agreed-Up-on Procedure**

				DOES NOT
PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENT(S)	AGREES	AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 11210)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS (data element G5100-010)	Auditor's supplemental report on FDS	X	
4	Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form*	X	
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form*	X	
8	Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form*	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY  
New Albany, Indiana

FINANCIAL DATA SCHEDULE

IN012 03/31/2009 Audited/A-133

	AMPS	Business Activities	ROSS	Housing Choice Vouchers	Disaster Housing	Nonfederal	COCC	Subtotal	Eliminations	Total
111 Cash - Unrestricted	\$ 408,551	\$ 135,330	\$ -	\$ 26,545	\$ -	\$ 222,208	\$ 1,273,676	\$ 2,066,310	\$ -	\$ 2,066,310
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	11,970	-	-	344,076	-	-	-	356,046	-	356,046
114 Cash - Tenant Security Deposits	171,440	16,683	-	-	-	-	-	188,123	-	188,123
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100 Total Cash	581,961	152,013	-	370,621	-	222,208	1,273,676	2,610,479	-	2,610,479
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	673,616	-	140,557	-	-	-	5,872	820,045	-	820,045
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	172,730	29,963	-	176	-	8,892	85,110	296,671	(78,776)	217,895
126 Accounts Receivable - Tenants	59,464	59,464	-	-	-	-	-	59,464	-	59,464
128.1 Allowance for Doubtful Accounts - Tenants	(53,518)	-	-	-	-	-	-	(53,518)	-	(53,518)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
128 Fraud Recovery	1,021	-	-	56,696	-	-	-	57,717	-	57,717
129 Accrued Interest Receivable	(919)	-	-	(91,027)	-	-	-	(51,948)	-	(51,948)
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	852,394	29,963	140,557	5,845	-	8,892	80,982	1,128,433	(78,776)	1,049,657
131 Investments - Unrestricted	5,118,243	-	-	-	-	-	-	5,118,243	-	5,118,243
132 Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	17,554	-	-	5,215	-	-	2,548	25,317	-	25,317
143 Inventories	107,502	1,478	-	-	-	-	6,169	115,149	-	115,149
143.1 Allowance for Obsolete Inventories	(92,251)	-	-	-	-	-	(1,851)	(34,102)	-	(34,102)
144 Inter Program Due From	-	-	-	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
160 Total Current Assets	6,655,403	183,454	140,557	381,681	-	230,900	1,371,524	8,963,519	(78,776)	8,884,743
161 Land	594,370	3,915	-	-	-	-	-	598,285	-	598,285
162 Buildings	33,285,232	-	-	-	-	-	-	33,285,232	-	33,285,232
163 Furniture, Equipment & Machinery - Dwellings	545,141	10,473	-	-	-	-	-	555,614	-	555,614
164 Furniture, Equipment & Machinery - Administration	1,721,888	16,520	-	122,979	-	-	-	1,861,387	-	1,861,387
165 Leasehold Improvements	8,056,918	130,863	-	-	-	-	429,787	8,617,668	-	8,617,668
166 Accumulated Depreciation	(30,578,677)	(29,806)	-	(89,956)	-	-	(405,242)	(31,113,681)	-	(31,113,681)
167 Construction in Progress	-	-	-	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	13,625,672	132,065	-	23,023	-	-	24,545	13,805,505	-	13,805,505
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	13,625,672	132,065	-	23,023	-	-	24,545	13,805,505	-	13,805,505
190 Total Assets	\$ 20,281,275	\$ 315,519	\$ 140,557	\$ 404,704	\$ -	\$ 230,900	\$ 1,396,069	\$ 22,769,024	\$ (78,776)	\$ 22,690,248

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	AMPS	Business Activities	ROSS	Housing Choice Vouchers	Disaster Housing	Nonfederal	COCC	Subtotal	Eliminations	Total
311 Bank Overdraft	\$ 184,531									\$ 301,220
312 Accounts Payable <= 90 Days	720,684	14,173	136,889	3,948		3,857	9,255	751,987	(800)	751,187
313 Accounts Payable >90 Days Past Due	77,976							77,976	(77,976)	-
321 Accrued Wage/Payroll Taxes Payable	37,140		1,368	972			12,328	51,808		51,808
322 Accrued Compensated Absences - Current Portion	21,241			3,920			22,418	47,579		47,579
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs		8,350						8,350		8,350
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	40,299							40,299		40,299
341 Tenant Security Deposits	171,440	16,683						188,123		188,123
342 Deferred Revenues	32,778				15,000		975	48,753		48,753
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds										
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities	71,642			48,257				119,899		119,899
346 Accrued Liabilities - Other										
347 Inter Program - Due To										
348 Loan Liability - Current										
310 Total Current Liabilities	1,337,711	39,206	142,005	53,149	18,857	18,857	44,976	1,636,004	(78,776)	1,557,228
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue										
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other										
354 Accrued Compensated Absences - Non Current										
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities										
300 Total Liabilities	1,337,711	39,206	142,005	53,149	18,857	18,857	44,976	1,636,004	(78,776)	1,557,228
508.1 Invested in Capital Assets, Net of Related Debt										
509.2 Fund Balance Reserved	13,625,872	132,065		23,023			24,545	13,805,505		13,805,505
511.2 Unreserved, Designated Fund Balance										
511.1 Restricted Net Assets				295,819				295,819		295,819
512.1 Unrestricted Net Assets	5,317,692	144,248	(1,448)	32,713	211,943		1,326,548	7,031,696		7,031,696
512.2 Unreserved, Undesignated Fund Balance										
513 Total Equity/Net Assets	18,943,564	276,313	(1,448)	351,555	211,943	211,943	1,351,093	21,133,020		21,133,020
600 Total Liabilities and Equity/Net Assets	\$ 20,281,275	\$ 315,519	\$ 140,557	\$ 404,704	\$ -	\$ 230,900	\$ 1,396,069	\$ 22,769,024	\$ (78,776)	\$ 22,690,248

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	AMPS	Business Activities	ROSS	Disaster Housing	Housing Choice Vouchers	Nonfederal	COCC	Subtotal	Eliminations	Total
70300 Net Tenant Rental Revenue	\$ 1,905,086	\$ 240,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,145,519	\$ -	\$ 2,145,519
70400 Tenant Revenue - Other	76,828	-	-	-	-	-	-	76,828	-	76,828
70500 Total Tenant Revenue	1,981,924	240,423	-	-	-	-	-	2,222,347	-	2,222,347
70600 HUD PHA Operating Grants	3,641,206	-	275,660	-	2,272,680	-	100,553	6,290,099	-	6,290,099
70610 Capital Grants	2,377,906	-	-	-	-	-	2,096	2,380,004	-	2,380,004
70710 Management Fee	-	-	-	-	-	-	728,015	728,015	(728,015)	-
70720 Asset Management Fee	-	-	-	-	-	-	129,960	129,960	(129,960)	-
70730 Book Keeping Fee	-	-	-	-	-	-	135,369	135,369	(135,369)	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-	-	-
70790 Total Fee Revenue	-	-	-	-	-	-	993,344	993,344	(993,344)	-
70800 Other Government Grants	-	-	-	4,562	-	-	-	4,562	-	4,562
71100 Investment Income - Unrestricted	110,252	-	-	-	326	-	2,510	113,088	-	113,088
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	8,977	-	-	10,513	-	10,513
71400 Fraud Recovery	1,536	-	-	-	7,048	34,190	9,698	313,777	(30,526)	283,251
71500 Other Revenue	262,641	-	-	-	-	-	-	(94,265)	-	(94,265)
71600 Gain or Loss on Sale of Capital Assets	(94,133)	(162)	-	-	-	-	-	1,696	-	1,696
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000 Total Revenue	8,281,334	240,261	275,660	4,562	2,290,727	34,190	1,108,401	12,235,135	(1,023,870)	11,211,265
91100 Administrative Salaries	343,698	13,344	-	-	62,891	-	306,496	726,399	-	726,399
91200 Auditing Fees	17,300	750	-	-	12,320	-	6,880	37,250	-	37,250
91300 Management Fee	643,150	26,665	-	-	58,200	-	-	728,015	(728,015)	-
91310 Bookkeeping Fee	95,746	3,248	-	-	36,375	-	-	135,369	(135,369)	-
91400 Advertising and Marketing	5,508	-	-	-	-	-	2,027	7,535	-	7,535
91500 Employee Benefit Contributions - Administrative	88,802	3,332	-	-	13,336	-	82,252	187,722	-	187,722
91600 Office Expenses	122,021	1,291	-	-	-	-	113,146	236,458	-	236,458
91700 Legal Expense	37,510	3,450	-	-	-	-	19,919	60,879	-	60,879
91800 Travel	15,838	-	-	-	-	-	20,544	36,382	-	36,382
91810 Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91800 Other	38,056	3,231	-	1,062	5,525	-	32,093	79,969	-	79,969
91000 Total Operating - Administrative	1,407,631	55,311	-	1,062	186,647	-	583,327	2,285,978	(665,384)	1,372,594
92000 Asset Management Fee	129,960	-	-	-	-	-	-	129,960	(129,960)	-
92100 Tenant Services - Salaries	-	-	185,227	-	13,267	-	-	198,494	-	198,494
92200 Relocation Costs	-	-	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	36,438	-	3,067	-	-	41,505	-	41,505
92400 Tenant Services - Other	26,833	-	13,453	-	1,170	-	-	41,456	-	41,456
92500 Total Tenant Services	26,833	-	237,118	-	17,504	-	-	281,455	-	281,455

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	AMPS	Business Activities	ROSS	Disaster Housing	Housing Choice Vouchers	Nonfederal	COCC	Subtotal	Eliminations	Total
93100 Water	191,904	3,526	-	-	-	-	-	195,430	-	195,430
93200 Electricity	382,403	1,519	-	-	-	-	-	383,922	-	383,922
93300 Gas	486,106	3,610	-	-	-	-	-	489,716	-	489,716
93400 Fuel	-	-	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-	-	-
93600 Sewer	255,908	24	-	-	-	-	-	255,932	-	255,932
93700 Employee Benefit Contributions - Utilities	89,627	-	-	-	-	-	-	89,627	-	89,627
93800 Other Utilities Expense	-	-	-	-	757	-	-	757	-	757
93900 Total Utilities	1,405,948	8,679	-	-	757	-	-	1,415,384	-	1,415,384
94100 Ordinary Maintenance and Operations - Labor	722,399	7,857	-	-	-	-	-	730,256	-	730,256
94200 Ordinary Maintenance and Operations - Materials and Other	364,898	55,550	-	-	-	-	12,888	433,336	-	433,336
94300 Ordinary Maintenance and Operations Contracts	590,036	30,528	-	-	-	-	1,528	622,090	(30,528)	591,564
94500 Employee Benefit Contributions - Ordinary Maintenance	186,036	191	-	-	-	-	-	186,227	-	186,227
94000 Total Maintenance	1,863,369	94,124	-	-	-	-	14,416	1,971,909	(30,528)	1,941,383
95100 Protective Services - Labor	36,188	-	-	-	-	-	-	36,188	-	36,188
95200 Protective Services - Other Contract Costs	78,266	-	-	-	-	-	-	78,266	-	78,266
95300 Protective Services - Other	2,567	-	-	-	-	-	-	2,567	-	2,567
95500 Employee Benefit Contributions - Protective Services	9,319	-	-	-	-	-	-	9,319	-	9,319
95000 Total Protective Services	126,340	-	-	-	-	-	-	126,340	-	126,340
96110 Property Insurance	213,434	4,898	-	-	-	-	5,640	223,772	-	223,772
96120 Liability Insurance	108,949	2,744	-	-	-	-	12,035	123,728	-	123,728
96130 Workmen's Compensation	20,114	-	-	-	1,683	-	7,165	28,972	-	28,972
96140 All Other Insurance	-	-	-	-	-	-	-	-	-	-
96100 Total Insurance Premiums	342,497	7,442	-	-	1,683	-	24,840	376,472	-	376,472
96200 Other General Expenses	176,911	3,794	38,542	-	33,678	2,805	79,337	335,067	-	335,067
96210 Compensated Absences	44,963	-	-	-	6,029	-	22,418	73,410	-	73,410
96300 Payments in Lieu of Taxes	40,299	-	-	-	-	-	-	40,299	-	40,299
96400 Bad debt - Tenant Rents	115,415	18,068	-	-	-	-	-	133,484	-	133,484
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	377,588	21,863	38,542	-	39,707	2,805	101,755	562,260	-	562,260
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	-	-	-	-	-	-	-	-	-	-
96900 Total Operating Expenses	5,690,166	187,419	275,660	1,062	248,308	2,805	724,338	7,119,768	(1,023,870)	6,095,898
87000 Excess of Operating Revenue over Operating Expenses	2,601,168	52,842	-	3,500	2,042,419	31,385	384,063	5,115,377	-	5,115,377

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	AMPS	Business Activities	ROSS	Disaster Housing	Housing Choice Vouchers	Nonfederal	COCC	Subtotal	Eliminations	Total
97100 Extraordinary Maintenance	58,137	2,500	-	-	-	-	-	60,637	-	60,637
97200 Casualty Losses - Non-capitalized	33,833	8,046	-	-	-	-	-	41,879	-	41,879
97300 Housing Assistance Payments	-	-	-	3,500	2,206,862	-	-	2,210,362	-	2,210,362
97350 HAP Portability-In	-	-	-	-	-	-	-	-	-	-
97400 Depreciation Expense	1,576,918	6,922	-	-	10,076	-	15,447	1,609,363	-	1,609,363
97500 Fraud Losses	-	-	-	-	1,650	-	-	1,650	-	1,650
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-
90000 Total Expenses	7,349,054	204,897	275,660	4,552	2,466,895	2,805	739,785	11,043,639	(1,023,679)	10,019,760
10010 Operating Transfer In	486,637	-	-	-	-	-	-	580,310	-	580,310
10020 Operating Transfer Out	(486,637)	-	-	-	-	-	(93,673)	(580,310)	-	(580,310)
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)	-	-	-	-	-	-	-	-	-	-
10081 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-
10082 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-
10083 Transfers between Program and Project - In	5,558	-	-	-	-	-	-	5,558	-	5,558
10084 Transfers between Project and Program - Out	-	-	-	-	-	-	(5,558)	(5,558)	-	(5,558)
10100 Total Other financing Sources (Uses)	5,558	-	-	-	-	-	(5,558)	-	-	-
10000 Excess (Deficiency) of Total Revenue over (Under) Total Expenses	937,838	35,374	-	(176,159)	363,058	31,385	-	1,191,496	-	1,191,496
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-
11030 Beginning Equity	18,005,726	240,939	(1,448)	-	527,714	180,558	968,035	19,941,524	-	19,941,524
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-	-	-
11080 Changes in Special Term/Savings Benefits Liability	-	-	-	-	-	-	-	-	-	-
11080 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	55,736	-	-	55,736	-	55,736
11180 Housing Assistance Payments Equity	-	-	-	7	295,819	-	-	295,819	-	295,819
11190 Unit Months Available	12,986	-	-	7	4,896	-	-	17,889	-	17,889
11210 Number of Unit Months Leased	12,767	-	-	7	4,850	-	-	17,624	-	17,624
11270 Excess Cash	1,688,244	-	-	-	-	-	-	1,688,244	-	1,688,244
11610 Land Purchases	-	-	-	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	41,134	-	-	-	-	-	2,066	43,200	-	43,200
11650 Leasehold Improvements Purchases	2,336,774	-	-	-	-	-	-	2,336,774	-	2,336,774
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13621 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

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**Project Balance Sheet Summary**

**IN012 03/31/2009 Audited/A-133**

	IN012000002	IN012000001	IN012000003	IN012000004	Total
111 Cash - Unrestricted	\$ -	\$ 92,506	\$ 158,675	\$ 157,370	\$ 408,551
112 Cash - Restricted - Modernization and Development	-	-	-	-	-
113 Cash - Other Restricted	1,592	7,555	2,823	-	11,970
114 Cash - Tenant Security Deposits	22,006	36,200	61,900	51,334	171,440
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100 Total Cash	23,598	136,261	223,398	208,704	591,961
121 Accounts Receivable - PHA Projects	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	144,495	127,120	400,931	1,070	673,616
124 Accounts Receivable - Other Government	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	51,625	12,972	94,599	13,534	172,730
126 Accounts Receivable - Tenants	4,641	8,673	44,642	1,508	59,464
126.1 Allowance for Doubtful Accounts - Tenants	(4,177)	(7,806)	(40,178)	(1,357)	(53,518)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
128 Fraud Recovery	518	472	31	-	1,021
128.1 Allowance for Doubtful Accounts - Fraud	(466)	(425)	(28)	-	(919)
129 Accrued Interest Receivable	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	196,636	141,006	499,997	14,755	852,394
131 Investments - Unrestricted	754,669	1,072,707	2,011,020	1,279,847	5,118,243
132 Investments - Restricted	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142 Prepaid Expenses and Other Assets	1,870	2,118	3,892	9,674	17,554
143 Inventories	14,229	28,547	62,611	2,115	107,502
143.1 Allowance for Obsolete Inventories	(4,269)	(8,564)	(18,783)	(635)	(32,251)
144 Inter Program Due From	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	986,733	1,372,075	2,782,135	1,514,460	6,655,403
161 Land	2,605	295,882	-	295,883	594,370
162 Buildings	3,266,716	7,231,754	14,886,538	7,900,224	33,285,232
163 Furniture, Equipment & Machinery - Dwellings	89,631	107,516	203,569	145,425	546,141
164 Furniture, Equipment & Machinery - Administration	89,538	171,107	1,285,892	175,351	1,721,888
165 Leasehold Improvements	974,246	1,689,137	4,424,901	968,634	8,056,918
166 Accumulated Depreciation	(3,252,801)	(6,610,781)	(12,579,052)	(8,136,043)	(30,578,677)
167 Construction in Progress	-	-	-	-	-
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	1,169,935	2,884,615	8,221,848	1,349,474	13,625,872
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	1,169,935	2,884,615	8,221,848	1,349,474	13,625,872
190 Total Assets	\$ 2,156,668	\$ 4,256,690	\$ 11,003,983	\$ 2,863,934	\$ 20,281,275

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**Project Balance Sheet Summary**

**IN012    03/31/2009    Audited/A-133**

	IN012000002	IN012000001	IN012000003	IN012000004	Total
311 Bank Overdraft	\$ 164,531	\$ -	\$ -	\$ -	\$ 164,531
312 Accounts Payable <= 90 Days	163,833	146,592	398,397	11,842	720,664
313 Accounts Payable >90 Days Past Due	10,080	16,992	31,824	19,080	77,976
321 Accrued Wage/Payroll Taxes Payable	5,796	13,904	11,362	6,078	37,140
322 Accrued Compensated Absences - Current Portion	6,186		10,488	4,567	21,241
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	5,199	8,785	16,442	9,873	40,299
341 Tenant Security Deposits	22,006	36,200	61,900	51,334	171,440
342 Deferred Revenues	3,365	4,871	7,044	17,498	32,778
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	1,592	7,554	62,496	-	71,642
346 Accrued Liabilities - Other	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	382,588	234,898	599,953	120,272	1,337,711
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	-	-	-	-	-
355 Loan Liability - Non Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-
350 Total Non-Current Liabilities	-	-	-	-	-
300 Total Liabilities	382,588	234,898	599,953	120,272	1,337,711
508.1 Invested In Capital Assets, Net of Related Debt	1,169,935	2,884,615	8,221,848	1,349,474	13,625,872
509.2 Fund Balance Reserved	-	-	-	-	-
511.2 Unreserved, Designated Fund Balance	-	-	-	-	-
511.1 Restricted Net Assets	-	-	-	-	-
512.1 Unrestricted Net Assets	604,145	1,137,177	2,182,182	1,394,188	5,317,692
512.2 Unreserved, Undesignated Fund Balance	-	-	-	-	-
513 Total Equity/Net Assets	1,774,080	4,021,792	10,404,030	2,743,662	18,943,564
600 Total Liabilities and Equity/Net Assets	\$ 2,156,668	\$ 4,256,690	\$ 11,003,983	\$ 2,863,934	\$ 20,281,275

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**Project Revenues and Expenses Summary**

**IN012**

**03/31/2009**

**Audited/A-133**

	IN012000002	IN012000001	IN012000003	IN012000004	Total
70300 Net Tenant Rental Revenue	\$ 245,956	\$ 383,851	\$ 549,639	\$ 725,650	\$ 1,905,096
70400 Tenant Revenue - Other	-	-	76,828	-	76,828
70500 Total Tenant Revenue	245,956	383,851	626,467	725,650	1,981,924
70600 HUD PHA Operating Grants	423,353	793,618	1,837,262	586,973	3,641,206
70610 Capital Grants	6,333	1,103,594	1,204,633	63,348	2,377,908
70710 Management Fee	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-
70750 Other Fees	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-
70800 Other Government Grants	-	-	-	-	-
71100 Investment Income - Unrestricted	15,797	23,193	43,866	27,396	110,252
71200 Mortgage Interest Income	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-
71400 Fraud Recovery	1,536	-	-	-	1,536
71500 Other Revenue	51,789	40,879	121,647	48,326	262,641
71600 Gain or Loss on Sale of Capital Assets	(355)	(83,667)	(9,746)	(365)	(94,133)
72000 Investment Income - Restricted	-	-	-	-	-
70000 Total Revenue	744,409	2,261,468	3,824,129	1,451,328	8,281,334
91100 Administrative Salaries	53,311	68,412	135,123	86,852	343,698
91200 Auditing Fees	2,232	3,771	7,058	4,239	17,300
91300 Management Fee	83,127	138,998	260,968	160,057	643,150
91310 Book-keeping Fee	12,405	20,678	38,835	23,828	95,746
91400 Advertising and Marketing	693	1,172	2,326	1,317	5,508
91500 Employee Benefit contributions - Administrative	13,710	20,815	31,946	22,331	88,802
91600 Office Expenses	22,212	21,562	37,116	41,131	122,021
91700 Legal Expense	7,424	5,713	23,909	464	37,510
91800 Travel	4,099	3,217	6,338	2,184	15,838
91810 Allocated Overhead	-	-	-	-	-
91900 Other	5,709	7,698	16,146	8,505	38,058
91000 Total Operating - Administrative	204,922	292,036	559,765	350,908	1,407,631
92000 Asset Management Fee	16,800	28,320	53,040	31,800	129,960
92100 Tenant Services - Salaries	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400 Tenant Services - Other	1,441	8,848	14,013	2,531	26,833
92500 Total Tenant Services	1,441	8,848	14,013	2,531	26,833

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**Project Revenues and Expenses Summary**

**IN012**

**03/31/2009**

**Audited/A-133**

	IN012000002	IN012000001	IN012000003	IN012000004	Total
93100 Water	23,966	22,398	120,568	24,972	191,904
93200 Electricity	76,239	10,655	42,680	252,829	382,403
93300 Gas	84,870	153,109	248,127	-	486,106
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	-	52,399	203,509	-	255,908
93700 Employee Benefit Contributions - Utilities	39,689	-	-	49,938	89,627
93800 Other Utilities Expense	-	-	-	-	-
93000 Total Utilities	224,764	238,561	614,884	327,739	1,405,948
94100 Ordinary Maintenance and Operations - Labor	129,737	152,467	314,119	126,076	722,399
94200 Ordinary Maintenance and Operations - Materials and Other	44,791	88,826	154,186	77,095	364,898
94300 Ordinary Maintenance and Operations Contracts	95,584	120,508	275,753	98,191	590,036
94500 Employee Benefit Contributions - Ordinary Maintenance	33,365	45,989	74,265	32,417	186,036
94000 Total Maintenance	303,477	407,790	818,323	333,779	1,863,369
95100 Protective Services - Labor	4,724	7,995	14,944	8,525	36,188
95200 Protective Services - Other Contract Costs	16,773	7,633	21,150	32,710	78,266
95300 Protective Services - Other	-	659	1,257	651	2,567
95500 Employee Benefit Contributions - Protective Services	1,215	2,379	3,533	2,192	9,319
95000 Total Protective Services	22,712	18,666	40,884	44,078	126,340
96110 Property Insurance	28,956	46,900	84,515	53,063	213,434
96120 Liability Insurance	14,773	23,882	43,220	27,074	108,949
96130 Workmen's Compensation	3,233	4,408	8,136	4,337	20,114
96140 All Other Insurance	-	-	-	-	-
96100 Total Insurance Premiums	46,962	75,190	135,871	84,474	342,497
96200 Other General Expenses	28,502	34,824	77,921	35,664	176,911
96210 Compensated Absences	9,333	11,786	14,867	8,977	44,963
96300 Payments in Lieu of Taxes	5,199	8,785	16,442	9,873	40,299
96400 Bad debt - Tenant Rents	9,774	16,195	88,782	664	115,415
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-
96000 Total Other General Expenses	52,808	71,590	198,012	55,178	377,588
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	-	-	-	-	-
96900 Total Operating Expenses	873,886	1,141,001	2,434,792	1,230,487	5,680,166
97000 Excess of Operating Revenue over Operating Expenses	(129,477)	1,120,467	1,389,337	220,841	2,601,168

**THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
New Albany, Indiana

**Project Revenues and Expenses Summary**

**IN012**

**03/31/2009**

**Audited/A-133**

	IN012000002	IN012000001	IN012000003	IN012000004	Total
97100 Extraordinary Maintenance	3,647	12,015	35,767	6,708	58,137
97200 Casualty Losses - Non-capitalized	5,506	17,629	8,239	2,459	33,833
97300 Housing Assistance Payments	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-
97400 Depreciation Expense	181,959	351,853	805,738	237,368	1,576,918
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	1,064,998	1,522,498	3,284,536	1,477,022	7,349,054
10010 Operating Transfer In	67,277	103,350	222,947	93,063	486,637
10020 Operating transfer Out	(67,277)	(103,350)	(222,947)	(93,063)	(486,637)
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	3,869	-	-	1,689	5,558
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other financing Sources (Uses)	3,869	-	-	1,689	5,558
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(316,720)	738,970	539,593	(24,005)	937,838
11020 Required Annual Debt Principal Payments	-	-	-	-	-
11030 Beginning Equity	2,101,816	3,271,806	9,864,437	2,767,667	18,005,726
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(11,016)	11,016	-	-	-
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	1,680	2,832	5,304	3,180	12,996
11210 Number of Unit Months Leased	1,650	2,759	5,180	3,178	12,767
11270 Excess Cash	590,723	1,107,521	-	-	1,698,244
11610 Land Purchases	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	6,333	12,666	22,135	-	41,134
11650 Leasehold Improvements Purchases	-	1,090,928	1,182,498	63,348	2,336,774
11660 Infrastructure Purchases	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-