



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43624

---

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

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

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, 2011 to March 31, 2012. 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, 2012 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, 2012**

## C O N T E N T S

Independent Auditors' Report	1 and 2
Management's Discussion and Analysis	3 - 11
Financial Statements:	
Statement of Net Assets – Proprietary Fund	12
Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Fund	13
Statement of Cash Flows – Proprietary Fund	14
Notes to Financial Statements	15 - 21
Supplementary Information:	
Schedule of Expenditures of Federal Awards	22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> Standards	23 and 24
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	25 and 26
Schedule of Findings and Questioned Costs	27 and 28
Summary Schedule of Prior Audit Findings	29
Independent Accountant's Report on Applying Agreed-Upon Procedure	30 and 31
Financial Data Schedule	32 – 41

## 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 statements of the Housing Authority of the City of New Albany as of and for the year ended March 31, 2012, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of New Albany as of March 31, 2012, and the changes in financial position 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 14, 2012 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of New Albany as a whole. The accompanying Schedule of Expenditures of Federal Awards 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 not a required part of the financial statements. Additionally, the accompanying Financial Data Schedule is presented for purposes of additional analysis and is also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 14, 2012

# THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

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

March 31, 2012

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, 2012.

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 2012. 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 taken into account regardless of when cash is received or paid.

### Financial Highlights

- The Authority's assets exceeded its liabilities by \$29,235,765 at the close of the fiscal year ended March 31, 2012. Net Assets are categorized as follows:
  - ✓ Unrestricted assets of \$9,303,161 may be used to meet the Authority's ongoing obligations to citizens and creditors.
  - ✓ Restricted assets, \$479,427 include Section 8 dollars used for their designated purpose according to HUD regulations, \$163,309 and insurance reimbursement unspent \$316,118.
  - ✓ The remainder of \$19,453,177 represents the net of debt amount invested in land, building, furnishings, equipment, and remodeling construction.
- Total revenue decreased 2%
- Total HUD operating grants decreased 4.5%

## THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued March 31, 2012

#### Financial Highlights—Continued

- Total expenses increased .25% over prior fiscal year
- The Authority has long-term debt related to its Energy Performance Contract
- The Authority completed administration of a competitive American Recovery and Reinvestment (ARRA) grant for construction projects at each Amp

#### 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. Enterprises operated by state and local governments, such as the Authority, use 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, and Valley View Court.

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

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.

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued March 31, 2012**

#### **Reporting the Authority's Most Significant Programs—Continued**

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

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 rental 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, 2012.

#### **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.

#### **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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued  
March 31, 2012

**Reporting the Authority's Most Significant Programs—Continued**

**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. During fiscal year 2012 the Board of Commissioners approved expenditure of Valley View funds for a duplex unit at 405 Ealy Street that houses two Section 8 families receiving voucher assistance through another agency, Community Action of Southern Indiana. Board approval was also given for purchase of two substandard structures in the same neighborhood with the intent to raze them when permits are obtained from the City.

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

**Authority-Wide Condensed Financial Statements**

**Statement of Net Assets**

<b>Current &amp; Other Assets</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Cash	\$ 9,988,022	\$ 9,246,925	\$ 741,097
Other Capital Assets	812,128	1,820,507	-1,008,379
Capital Assets (Net)	<u>20,835,630</u>	<u>19,027,784</u>	<u>1,807,846</u>
<b>Total Assets</b>	<b><u>\$31,635,780</u></b>	<b><u>\$30,095,216</u></b>	<b><u>\$ 1,540,564</u></b>
<b>Liabilities</b>			
Accounts Payable	\$ 84,941	170,255	-85,314
Other Current Liabilities	985,542	1,852,025	-866,483
Long Term Liabilities	1,238,172	1,382,452	-144,280
Non-current Liabilities (other)	<u>91,360</u>	<u>67,325</u>	<u>24,035</u>
<b>Total Liabilities</b>	<b><u>2,400,015</u></b>	<b><u>3,472,057</u></b>	<b><u>-1,072,042</u></b>
<b>Net Assets</b>			
Net Investment in Capital Assets	19,453,177	17,508,047	1,945,130
Unrestricted	9,303,161	9,042,702	260,459
Restricted	<u>479,427</u>	<u>72,410</u>	<u>407,017</u>
<b>Total Net Assets</b>	<b><u>29,235,765</u></b>	<b><u>26,623,159</u></b>	<b><u>2,612,606</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$31,635,780</u></b>	<b><u>\$30,095,216</u></b>	<b><u>\$ 1,540,564</u></b>

## THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued March 31, 2012

#### Major Factors affecting the Statement of Net Assets

Total assets are \$31,635,780 and \$30,095,216 at March 31, 2012 and March 31, 2011, respectively, representing an increase of \$1,540,564.

The increase in cash and decrease in current assets were anticipated because of the current year collection of Capital Fund monies owed to the Authority at the prior year end. The receivable at March 31, 2012 was \$73,096, whereas at March 31, 2011 it was \$1,097,689. Fewer construction projects were in progress this year since all the ARRA grants were expended, the result being fewer dollars owed to the Authority at year end. Another significant inflow of cash was an insurance reimbursement of \$385,261 from damage sustained in a storm a prior fiscal year.

Capital assets (net) are the major component of total assets, and are determined by adding new assets, disposing of assets, and subtracting accumulated depreciation. Accumulated depreciation reflects total depreciation expense (\$1,769,178 current year) 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, included later, provides detail of assets and depreciation.

Included in other current assets of \$812,128 is unrestricted investment in CD's totaling \$499,336, net inventory of \$117,987, prepaid expense of \$48,390, and accounts receivable totaling \$146,415. Change in accounts receivable represents most of the decrease in this category. The paragraph at the beginning of this section explains the effect of collection of Capital Fund monies owed to the Authority last fiscal year. The Authority had received most of its current year HUD project reimbursement before fiscal year end. The outstanding balance due from HUD was \$122,007 at March 31, 2012 compared to \$1,160,596 at March 31, 2011. The balance of other current assets represents assets that will be used in the coming fiscal year.

A significant part of the decrease in accounts payable and current liabilities is due to completion of Capital Fund projects during the fiscal year. The Authority reports Capital Fund invoices of \$170,309 at March 31, 2012 compared to \$723,042 at March 31, 2011. These categories also include ordinary year-end payables associated with vendors and payroll as well as \$155,000 accrued expense for asbestos removal at Valley View.

The Authority has classified its FSS escrow dollars, \$91,360, as a non-current liability because the payouts do not meet the criteria for current liability.

Long term liability is the energy performance debt associated with unit improvements designed to increase energy efficiency. Each year HUD funds additional subsidy to cover the annual payments.

Net assets is presented in conformity with GASB 34. Net assets are \$29,235,765 and \$26,623,159 at March 31, 2012 and March 31, 2011, respectively, representing an increase of \$2,612,606. This is the overall gain experienced by the Authority for the fiscal year.

The component unrestricted net assets increased by \$260,459. This component represents funds that can be used to meet future obligations.

Restricted net assets increased by \$407,017. The total dollars, \$479,427, represent two types of funds. Funds available to house Section 8 participants, \$163,309, are identified by HUD regulations as subject to restrictions of use. The increase over prior year dollars indicates that

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued  
March 31, 2012

**Major Factors affecting the Statement of Net Assets—Continued**

current year subsidy exceeded expense. The second restriction of \$316,118 is for insurance proceeds that remain unspent. A storm damaged several air conditioning units but they are still in use and will be replaced as the need arises by using these designated dollars.

**Statement of Agency Wide Revenues, Expenses, and Net Assets**

**Statement of Revenues**

<b>Source</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Tenant Revenue	\$ 2,213,657	\$ 2,232,970	\$ -19,313
HUD Operating Grants	7,359,417	7,712,226	-352,809
Capital Grants	2,807,189	3,027,351	-220,162
Other Income	738,281	391,872	346,409
<b>Total Revenues</b>	<b><u>\$13,118,544</u></b>	<b><u>\$13,364,419</u></b>	<b><u>\$-245,875</u></b>

A significant factor in the decrease of total revenue for the year ended March 31, 2012 is a reduction of \$611,233 in Capital Fund draws for hard and soft costs. In the fiscal year ending March 31, 2011 the Authority administered a total of five ARRA formula and competitive grants. Three of those grants were completed during that year and the remaining two grants in progress carried over to fiscal year 2012 for completion.

Capital Grant money is intended for capitalized expenses and operating expenses. Capitalized expenses, referred to as hard costs, \$2,807,189, are dollars expended for assets that are capitalized and depreciated over their useful life, while soft cost or operating expenses, \$421,128, refer to obligations of normal operations or other expense that does not meet the capitalization policy. Capitalized dollars were utilized for various projects such as completion of the renovation of Crystal Court units, 24 ADA units at Parkview Terrace, and renovations at each amp for common area and handicap accessibility.

HUD operating grants include:

- Public housing subsidy \$4,025,062 (decreased .65%);
- Section 8 grants \$2,692,131 (increased 3.3%);
- ROSS grants \$221,096 (decreased 8.8%); and
- Capital fund soft costs \$421,128 (decreased 48%).

Section 8 HAP funding increased despite leasing 38 fewer unit months during the fiscal year. The increase was a strategy HUD used to build up the HAP reserves the Authority has at its disposal. The reserve is shown as restricted on the balance sheet.

Current year Capital Grants come from two sources:

- Balance of \$1,202,429 Competitive ARRA grant funds which were awarded to the Authority based on presentation of a grant proposal of needs/projects. These monies were fully expended by the deadline of September 29, 2012.
- Annual formula Capital Grant dollars drawn for the fiscal year are \$2,025,888, and are drawn down as they are obligated and expended for projects outlined in the annual formula Capital Grant budget. HUD considers the CFP program an expenditure driven grant program.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued  
March 31, 2012

**Statement of Agency Wide Revenues, Expenses, and Net Assets**

Tenant revenue has decreased as occupancy decreased due to offline units for Capital Fund rehabilitation.

Significant sources of other income for the year ended March 31, 2011, were \$52,757 interest income, \$36,883 fraud recovery income, \$378,579 insurance reimbursements, and \$271,013 miscellaneous income from tenant charges on work orders and similar occupancy related items. Other income was decreased by loss on disposal of capital assets \$951.

**Statement of Expenses**

<b>Activity</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Administrative	\$ 1,709,575	\$ 1,527,506	182,069
Tenant Services	367,616	286,877	80,739
Utilities	1,230,425	1,128,329	102,096
Maintenance	1,797,918	1,762,119	35,799
Housing Assistance Payment	2,375,685	2,354,324	21,361
Depreciation	1,769,178	1,741,329	27,849
Protective Services	145,953	114,036	31,917
General Expenses	786,729	963,964	-177,235
Extraordinary Maintenance	250,282	520,197	-269,915
Interest Expense	72,577	80,334	-7,757
<b>Total Expenses</b>	<b>\$10,505,938</b>	<b>\$10,479,015</b>	<b>\$ 26,923</b>

The increase in operating expense is .25%. Overall, the costs of personnel and service reflect moderate increases, and are offset by reduction in general expense and extraordinary maintenance. Prior year extraordinary maintenance expense was high due to asbestos abatement charges of \$256,957.

Many categories directly associated with providing resident service have increased, including Administrative expense which encompasses accounting and managerial functions.

Housing assistance payments (HAP) within the Section 8 program is direct expense of providing quality affordable homes and assisting residents to achieve independence. The increase in expense consists of two components. One component is the expense of port in vouchers for which the Authority is reimbursed dollar for dollar, \$26,800. The reimbursement is shown in other revenue in the Section 8 program, separate from HUD PHA operating grants. The second component is a decrease in expense of \$5,439 for Authority HAP payments on our own vouchers due to the loss of 38 unit months. The net increase is \$21, 361.

Depreciation expense increased due to addition of assets that exceeded the capitalization threshold and/or extended the useful life of existing assets. New assets, building improvements and rehabilitation contracts were capitalized according to Authority policy for fixed assets. The 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued  
March 31, 2012

**Statement of Expenses—Continued**

Protective services expense for providers of security monitoring at the sites increased. Protective services labor and employee costs increased over the prior year amount because of expense for installation of cameras at various locations.

General expense, consisting of various items, decreased overall. One category, Bad debt-tenants increased 44% because the Authority pursues collection of rent receivables.

**Statement of Capital Assets**

<b>Source</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Land	\$ 624,308	\$ 598,285	\$ 26,023
Buildings	44,557,272	42,486,102	2,071,170
Equipment-Dwelling	411,619	438,666	-27,047
Equipment-Administration	2,034,825	2,264,956	-230,131
Leasehold Improvements	7,074,854	6,929,489	145,365
Accumulated Depreciation	-33,867,248	-33,879,383	12,135
Construction in Progress	-	189,669	-189,669
<b>Total</b>	<b>\$20,835,630</b>	<b>\$19,027,784</b>	<b>\$ 1,807,846</b>

Capital assets increased \$1,795,711 without the implication of accumulated depreciation.

Land increased for the two properties purchased with Valley View funds. The properties are near the public housing development of Crystal Court that was rehabilitated and reopened for occupancy in November 2011. The structures on the newly purchased land were in disrepair and are slated for demolition.

Buildings and leasehold improvements increased due to various capital expenditures that included completion of the ADA units, and ARRA Capital Grant projects at each Amp.

The decrease in other categories is due to dispositions and/or obsolescence as well as a change in capitalization policy for unit appliances. As old appliances are replaced they are removed from the capital expense account and the new appliances are recorded as operating expense.

The difference in the accumulated depreciation account is due to 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 \$1,807,846.

**Long Term Debt**

The Authority has long-term debt associated with its Energy Performance Contract (EPC) that was completed in fiscal year 2011. Old National Bank services the debt. The EPC is a municipal lease and as such is not a secured debt. Debt service is an add-on calculation to the annual subsidy request so the Authority anticipates no out of pocket expense for the energy improvements put in place. The balance of the loan at March 31, 2012 was \$1,382,453.

## THE HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)—Continued March 31, 2012

#### Economic Factors

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is generally 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 Authority must find a way to raise revenue, cut costs, or tap other resources to make up for the shortfall.

Operating subsidies for calendar year 2012 have been funded based on calendar year 2011 project eligibility. Adjustments were made for project expense levels, utility expense levels, and formula income. PHAs are anticipating future funding to decline as HUD seeks alternative sources of money. A recapture of operating reserve is a strategy HUD will use to decrease their cash contributions to agencies by requiring them to expend cash on hand, known as operating reserve.

The Authority applied for and received an exclusion of \$3,809,737 operating reserve from potential recapture as part of the long term strategy for investment in rebuilding public housing properties. Renovation goals include demolition and replacement of obsolete public housing. An urban planner has been hired to assist with design and implementation of site development. Exclusion funds were earmarked for payment of the balance of the energy performance debt (\$1,519,737), A & E for renovation (\$600,000), and initial investment in the first two phases of Permanent Supportive Housing and/or Low Income Housing Tax Credit projects (\$1,690,000).

During the year, the Authority completed projects funded through the American Recovery and Reinvestment Act of 2009 (ARRA) *competitive* Capital Funds (\$2,707,500 grant). HUD intended this funding to provide employment for thousands of construction workers nationwide as opportunity arose to substantially modernize public housing units.

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 Housing 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, 2012

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 9,073,472
Cash - restricted	914,550
Accounts receivable - HUD	122,007
Accounts receivable - miscellaneous	15,000
Accounts receivable - tenants, net	1,702
Accounts receivable - fraud recovery, net	7,706
Investments	499,336
Prepaid expenses and other assets	48,390
Inventory - materials and supplies, net	<u>117,987</u>

**TOTAL CURRENT ASSETS** 10,800,150

**PROPERTY AND EQUIPMENT**

Land	624,308
Buildings	44,557,272
Furniture, equipment and machinery - dwellings	411,619
Furniture, equipment and machinery - administration	2,034,825
Leasehold improvements	<u>7,074,854</u>
	54,702,878
Less accumulated depreciation	<u>(33,867,248)</u>
Property and equipment, net	<u>20,835,630</u>

**TOTAL ASSETS** \$ 31,635,780

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Current portion of long-term debt	\$ 144,281
Accounts payable	84,941
Accounts payable - other government	63,586
Tenant security deposits	199,481
Deferred revenue	37,762
Accrued expenses	268,545
Other current liabilities	<u>271,887</u>

**TOTAL CURRENT LIABILITIES** 1,070,483

**NONCURRENT LIABILITIES**

Long-term debt, net of current portion	1,238,172
Other noncurrent liabilities	<u>91,360</u>

**TOTAL NONCURRENT LIABILITIES** 1,329,532

**TOTAL LIABILITIES** 2,400,015

**NET ASSETS**

Invested in capital assets, net of related debt	19,453,177
Unrestricted net assets	9,303,161
Restricted net assets	<u>479,427</u>

**TOTAL NET ASSETS** 29,235,765

**TOTAL LIABILITIES AND NET ASSETS** \$ 31,635,780

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, 2012

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 2,213,657
HUD PHA operating grants	7,359,417
Fraud recovery	36,883
Other revenue	333,473
Loss on disposal of property and equipment	<u>(951)</u>
<b>TOTAL OPERATING REVENUE</b>	<u>9,942,479</u>
<b>OPERATING EXPENSES</b>	
Administrative	1,709,575
Tenant services	367,616
Utilities	1,230,425
Ordinary maintenance and operations	1,797,918
Protective services	145,953
Insurance premiums	357,355
Other general expenses	429,374
Housing assistance payments	2,375,685
Depreciation expense	<u>1,769,178</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>10,183,079</u>
Net operating loss	<u>(240,600)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest revenue	52,757
Interest expense	(72,577)
Extraordinary maintenance and casualty losses	(250,282)
Extraordinary casualty insurance proceeds	<u>316,119</u>
<b>TOTAL NONOPERATING EXPENSE</b>	<u>46,017</u>
Loss before capital fund grant	(194,583)
Capital fund grant	<u>2,807,189</u>
<b>CHANGE IN NET ASSETS</b>	2,612,606
Net assets, beginning of year	<u>26,623,159</u>
Net assets, end of year	<u>\$ 29,235,765</u>

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, 2012

<b>OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 2,212,718
Cash received from HUD PHA grants	8,398,006
Other cash received	<u>387,419</u>
	<u>10,998,143</u>
Administrative expenses	1,738,827
Tenant services	367,616
Utilities	1,230,423
Ordinary maintenance and operations	2,637,769
Protective services	145,953
Insurance premiums	357,355
Other general expenses	496,500
Housing assistance payments	<u>2,351,650</u>
	<u>9,326,093</u>
Net cash provided by operating activities	<u>1,672,050</u>
<b>INVESTING ACTIVITIES</b>	
Purchase of investments	(21,945)
Interest earned	<u>52,757</u>
Net cash provided by investing activities	<u>30,812</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital grant receipts	2,807,189
Purchase of property and equipment	(3,582,161)
Proceeds from disposal of property and equipment	4,186
Repayments of long-term debt	(137,284)
Interest paid on long-term debt	<u>(72,577)</u>
Net cash used by capital and related financing activities	<u>(980,647)</u>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>	
Extraordinary maintenance and casualty losses	(250,282)
Extraordinary casualty insurance proceeds	<u>316,119</u>
Net cash provided by non-capital financing activities	<u>65,837</u>
Net increase in cash	788,052
<b>CASH</b>	
Beginning of year	<u>9,199,970</u>
End of year	<u>\$ 9,988,022 *</u>
<b>OPERATING ACTIVITIES</b>	
Net operating loss	\$ (240,600)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	1,769,178
Bad debt expense	120,977
Loss on disposal of property and equipment	951
(Increase) decrease in:	
Accounts receivable - tenants	(119,388)
Accounts receivable - HUD	1,038,589
Accounts receivable - fraud recovery	(1,185)
Accounts receivable - miscellaneous	18,250
Prepaid expenses and other assets	(29,252)
Inventory - materials and supplies	2,333
Increase (decrease) in:	
Accounts payable	(85,314)
Accounts payable - other government	(67,126)
Tenant security deposits	1,646
Deferred revenue	(4,174)
Accrued expenses	(858,807)
Other liabilities	<u>125,972</u>
Net cash provided by operating activities	<u>\$ 1,672,050</u>
* Cash reconciliation as reported on the Statement of Net Assets - Proprietary Fund:	
Cash	\$ 9,073,472
Cash - restricted	<u>914,550</u>
	<u>\$ 9,988,022</u>

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**

**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 vouchers 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 Governmental Accounting Standards Board (GASB), 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 GASB requirements, 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, 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

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

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting.

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, 2012.

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 \$15,318 for accounts receivable – tenants. The allowance for doubtful accounts was \$69,362 for accounts receivable – fraud recovery. Those allowances have been deducted against the related accounts receivable balances to properly reflect the estimated realizable value at March 31, 2012. Management believes all other accounts receivable as of March 31, 2012 were collectible and no allowance was necessary.

Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost (determined by the weighted average method) or market, reported on a first-in, first-out basis. Management has established an allowance for obsolete inventory which totaled \$50,566 at March 31, 2012, and is deducted against supplies inventory to properly reflect the lower of cost or market value.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments which provide benefit for greater than one year and cost \$500 or more 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.

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

NOTES TO FINANCIAL STATEMENTS—Continued

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

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.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through December 14, 2012, the date the financial statements were available for issuance.

**NOTE 2—CASH DEPOSITS**

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, 2012, 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.

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

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 2—CASH DEPOSITS—Continued**

**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.

**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 Family Self-Sufficiency (FSS) program tenant escrow accounts and investments owned at March 31, 2012, was \$9,988,022 and \$499,336, respectively. The bank balance of cash, including tenants' escrow accounts and investments owned at March 31, 2012, was \$10,076,803 and \$499,336, respectively.

Restricted cash totaled \$914,550 at March 31, 2012, and was comprised of FSS program tenant escrow accounts totaling \$91,360, \$199,481 for tenant security deposits, cash restricted for Housing Choice Voucher (HCV) program housing assistance payments of \$163,309, \$316,119 in unspent insurance proceeds and \$144,281 restricted for payment of current liabilities. A corresponding liability for the tenant escrow accounts has been shown as other noncurrent liabilities on the Statement of Net Assets – Proprietary Fund. See Note 5 for details on the restricted net assets which correspond to the HCV program housing assistance payment restricted cash.

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

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 3—PROPERTY AND EQUIPMENT**

The following is the detail of property and equipment transactions during the year ended March 31, 2012:

	Balance <u>3/31/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>3/31/12</u>
Land	\$ 598,285	\$ 26,023	\$ -	\$ -	\$ 624,308
Buildings	42,486,102	3,341,368	(1,459,867)	189,669	44,557,272
Furniture, equipment and machinery-dwellings	438,666	-	(27,047)	-	411,619
Furniture, equipment and machinery-administration	2,264,956	68,309	(298,440)	-	2,034,825
Leasehold improvements	6,929,489	146,461	(1,096)	-	7,074,854
Construction in progress	189,669	-	-	(189,669)	-
	<u>\$ 52,907,167</u>	<u>\$ 3,582,161</u>	<u>\$ (1,786,450)</u>	<u>\$ -</u>	<u>\$ 54,702,878</u>

Total depreciation expense for the year ended March 31, 2012, was \$1,769,178.

**NOTE 4—LONG-TERM DEBT**

In a prior year, the Authority entered into a lease agreement with Old National Bank as part of an energy performance contract. The assets constructed through the lease agreement are included in "Buildings" on the Statement of Net Assets-Proprietary Fund and are amortized over their estimated useful lives. The capitalized cost of the equipment under the capital lease totaled \$1,649,267 at March 31, 2012. Amortization of the capitalized cost of the equipment is charged to depreciation expense. The accumulated amortization/depreciation on the assets at March 31, 2012, was \$205,453. The lease is payable in monthly installments of \$17,488 through April 2020. The lease is a municipal unsecured lease with an interest rate of 4.98%. Each year, HUD funds additional subsidy to cover annual payments.

Future minimum payments under the capitalized lease obligation are due as follows:

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>March 31</u>			
2013	\$ 144,281	\$ 65,582	\$ 209,863
2014	151,631	58,232	209,863
2015	159,357	50,506	209,863
2016	167,477	42,386	209,863
2017	176,011	33,852	209,863
Thereafter	<u>583,696</u>	<u>45,893</u>	<u>629,589</u>
Total minimum lease payments	1,382,453	<u>\$ 296,451</u>	<u>\$ 1,678,904</u>
Less: current portion	<u>(144,281)</u>		
Long-term portion of minimum lease obligations	<u>\$ 1,238,172</u>		

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

NOTES TO FINANCIAL STATEMENTS—Continued

**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 \$163,309 as restricted net assets at March 31, 2012, in the Housing Choice Voucher Program. In addition, the Authority has restricted net assets of \$316,118 related to unspent insurance proceeds. Restricted net assets totaled \$479,427 at March 31, 2012.

**NOTE 6—RETIREMENT PLAN**

The Authority 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. For the year ended March 31, 2012, the Authority contributed \$24,207 to the plan.

The Authority also has a non-contributory retirement plan which covers substantially all employees who were employed prior to the adoption of the 457(b) plan during the year ended March 31, 2003. The plan 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 \$149,075 for the year ended March 31, 2012.

**NOTE 7—COMPENSATED ABSENCES**

Regular full and part-time employees receive Paid Time Off (PTO) based upon length of employment. A maximum of 80 hours of PTO can be carried forward at the end of each year. All accrued PTO is paid to the employee upon termination of employment. Accordingly, at March 31, 2012, a liability of \$61,291 has been recorded for accrued PTO at that date. The liability has been included in "Accrued expenses" on the Statement of Net Assets - Proprietary Fund.

**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. Management has determined that the application of FIN 48 has no effect on its financial statement.

**NOTE 9—MAJOR FUNDING SOURCE**

The Authority is substantially funded by Federal awards. The funding is subject to federal government appropriations and potential funding reductions. 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

**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—POLLUTION REMEDIATION OBLIGATIONS**

In a prior year the Authority was made aware that asbestos existed within forty units owned and operated by the Authority under their project-based Housing Choice Vouchers program. Due to potential health risks, removal of the asbestos has been required by the U.S. Department of Housing and Urban Development (HUD). At March 31, 2012, the asbestos removal had been completed for one unit, and had not yet commenced for the other thirty-nine units. As of March 31, 2012, management established a liability of \$155,000 for the estimated costs of removal in the remaining thirty-nine units. This liability has been included in accrued expenses on the Statement of Net Assets-Proprietary Fund. The liability is potentially subject to change in the near term due to price increases or reductions or changes in applicable laws and regulations.

**NOTE 12—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 experience, management believes such disallowances, if any, will be immaterial.

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
for the year ended March 31, 2012

<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	14.850		\$ 4,025,062
Resident Opportunity and Supportive Services	14.870		221,096
Section 8 Housing Choice Vouchers	14.871		2,692,131
Public Housing – Capital Fund Program Cluster:			
Capital Fund Program	14.872	\$ 2,025,888	
ARRA – Competitive Capital Fund Stimulus Grant	14.884	<u>1,202,429</u>	
			<u>3,228,317</u>
 Total Expenditures of Federal Awards			 <u>\$ 10,166,606</u>

**Basis of Presentation**

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

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

Board of Commissioners  
The Housing Authority of  
the City of 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, 2012, and have issued our report thereon dated December 14, 2012. 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

Management of the Authority is responsible for establishing and maintaining effective 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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, others within the Authority, and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*  
McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 14, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Housing Authority of the City of New Albany's (the "Authority's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2012. 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 of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.

## Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, the Board of Commissioners, others within the Authority, and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 14, 2012

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
for the year ended March 31, 2012

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of Auditors' Report Issued: Unqualified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? \_\_\_yes x no

Significant Deficiency(ies) identified not Considered to be Material Weaknesses? \_\_\_yes x none reported

Noncompliance Material to Financial Statements Noted? \_\_\_yes x no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness(es) Identified? \_\_\_yes x no

Significant Deficiency(ies) Identified that are not Considered to be Material Weakness(es)? \_\_\_yes x none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_yes x no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.850	Low Rent Public Housing	\$ 4,025,062
	Cluster:	
14.884	ARRA-Competitive Capital Fund Stimulus	\$ 1,202,429
14.872	Public Housing Capital Fund	\$ 2,025,888

Dollar threshold used to distinguish between Type A and Type B programs: \$ 304,998

Auditee qualified as low-risk auditee? x yes \_\_\_ no

**B. FINDINGS—FINANCIAL STATEMENTS AUDIT**

None.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS—Continued**  
for the year ended March 31, 2012

**C. FINDING—MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
for the year ended March 31, 2012

None.

## 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 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 Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures 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 Authority as of and for the year ended March 31, 2012, and have issued our reports thereon dated December 14, 2012. 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 14, 2012, 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 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 Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
December 14, 2012

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

				DOES
	UFRS RULE	HARD COPY		NOT
PROCEDURE	INFORMATION	DOCUMENT(S)	AGREES	AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	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 G3100-040)	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	Type of Compliance Requirement (G4200-020 & G4000-030)	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	

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 09/31/2012

	Project Total	2 State/Local	1 Business Activities	14.884 Competitive Capital Fund Stimulus Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	6,381,736	305,961	386,609			29	1,998,937	9,073,472		9,073,472
112 Cash - Restricted - Modernization and Development	316,119							316,119		316,119
113 Cash - Other Restricted	57,957					196,712		254,669		254,669
114 Cash - Tenant Security Deposits	180,345		19,136					199,481		199,481
115 Cash - Restricted for Payment of Current Liabilities	144,281							144,281		144,281
100 Total Cash	7,060,438	305,961	405,945	-	-	196,741	1,998,937	9,988,022	-	9,988,022
121 Accounts Receivable - PHA Projects					48,911	48		48		48
122 Accounts Receivable - HUD Other Projects	73,096				48,911			122,007		122,007
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous	3,386	5,245					21,460	30,091	(15,139)	14,952
126 Accounts Receivable - Tenants	17,020							17,020		17,020
126.1 Allowance for Doubtful Accounts - Tenants	(15,318)							(15,318)		(15,318)
126.2 Allowance for Doubtful Accounts - Other										
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	16,152					60,916		77,068		77,068
128.1 Allowance for Doubtful Accounts - Fraud	(14,537)					(54,825)		(69,362)		(69,362)
129 Accrued Interest Receivable										
129 Total Receivables, Net of Allowances for Doubtful Accounts	79,799	5,245	-	-	48,911	6,139	21,460	161,954	(15,139)	146,415
131 Investments - Unrestricted	499,336							499,336		499,336
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	34,160					5,710	8,520	48,390		48,390
143 Inventories	167,978		875					168,853		168,853
143.1 Allowance for Obsolete Inventories	(50,303)		(263)					(50,566)		(50,566)
144 Inter Program Due From										
144.1 Inter Program Due From										
145 Assets Held for Sale										
150 Total Current Assets	7,811,108	311,206	406,557	-	48,911	208,590	2,073,745	10,860,117	(69,967)	10,800,150
161 Land	594,370		29,938					624,308		624,308
162 Buildings	44,222,834		76,133				258,305	44,557,272		44,557,272
163 Furniture, Equipment & Machinery - Dwellings	401,146		10,473					411,619		411,619
164 Furniture, Equipment & Machinery - Administration	1,435,706		16,520			122,979	459,620	2,034,825		2,034,825
165 Leasehold Improvements	6,855,557		219,297					7,074,854		7,074,854
166 Accumulated Depreciation	(33,250,972)		(64,186)			(112,747)	(459,342)	(33,867,240)		(33,867,240)
167 Construction in Progress										
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	20,259,641	-	288,175	-	-	10,232	278,592	20,835,630	-	20,835,630
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										
175 Investments in Joint Ventures										
180 Total Non-Current Assets	20,259,641	-	288,175	-	-	10,232	278,592	20,835,630	-	20,835,630
190 Total Assets	20,065,749	311,206	694,732	-	48,911	218,822	2,352,327	31,695,747	(69,967)	31,635,780

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	Project Total	2 State/Local	1 Business Activities	14,884 Competitive Capital Fund Stimulus Grant	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	COC	Subtotal	ELIM	Total
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	57,553	5,046	13,604		1,390	15,625	6,762	100,080	(15,139)	84,941
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	21,213				4,421	1,922	9,489	36,945		36,945
322 Accrued Compensated Absences - Current Portion	36,676					2,666	21,947	61,291		61,291
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	63,586							63,586		63,586
341 Tenant Security Deposits	180,345		19,136					199,481		199,481
342 Deferred Revenues	36,650		906				6	37,762		37,762
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	144,281							144,281		144,281
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities	112,585		155,711				3,591	271,887		271,887
346 Accrued Liabilities - Other	170,309				44,828			170,309	(44,828)	170,309
347 Inter Program - Due To										
348 Loan Liability - Current										
310 Total Current Liabilities	823,496	5,046	189,357	-	50,639	20,115	41,795	1,130,450	(69,957)	1,070,493
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	1,238,172							1,238,172		1,238,172
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other	57,957					33,403		91,360		91,360
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	1,296,129	-	-	-	-	33,403	-	1,329,532	-	1,329,532
300 Total Liabilities	2,119,627	5,046	189,357	-	50,639	53,518	41,795	2,459,982	(69,957)	2,400,015
508.1 Invested in Capital Assets, Net of Related Debt	18,876,188		288,175			10,232	278,562	19,453,177		19,453,177
511.1 Restricted Net Assets	316,118					163,305		479,427		479,427
512.1 Unrestricted Net Assets	6,757,816	306,160	217,200	-	(1,728)	(8,237)	2,031,950	9,303,161		9,303,161
513 Total Equity/Net Assets	25,950,122	306,160	505,375	-	(1,728)	165,304	2,310,532	29,235,765	-	29,235,765
600 Total Liabilities and Equity/Net Assets	28,069,749	311,206	694,732	-	48,911	218,622	2,352,327	31,695,747	(69,957)	31,625,790

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Entity Wide Revenue and Expense Summary

		Submission Type: Audited/A-133		Fiscal Year End: 03/31/2012											
	Project Total	2 State/Local	1 Business Activities	14,884 Competitive Capital Fund Stimulus Grant	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total					
70300 Net Tenant Rental Revenue	1,661,656							1,661,656		1,661,656					
70400 Tenant Revenue - Other	69,022		282,979					352,001		352,001					
70500 Total Tenant Revenue	1,930,678		282,979					2,213,657		2,213,657					
70600 HUD PHA Operating Grants	4,328,990			117,600	221,086	2,692,131		7,359,417		7,359,417					
70610 Capital Grants	1,722,360			1,084,829				2,807,189		2,807,189					
70710 Management Fee					1,030,076			1,030,076	(1,030,076)	-					
70720 Asset Management Fee								134,990	(134,990)	-					
70730 Book Keeping Fee								134,942	(134,942)	-					
70740 Front Line Service Fee								58,320	(58,320)	-					
70750 Other Fees								1,358,328	(1,358,328)	-					
70700 Total Fee Revenue															
70800 Other Government Grants															
71100 Investment Income - Unrestricted	46,318					70	6,018	52,406		52,406					
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale															
71310 Cost of Sale of Assets															
71400 Fraud Recovery	28,393					8,490		36,883		36,883					
71500 Other Revenue	395,064	27,450	1,019			30,644	(89)	423,381	(89,908)	333,473					
71600 Gain or Loss on Sale of Capital Assets	670		(793)					(123)		(123)					
72000 Investment Income - Restricted															
70000 Total Revenue	8,392,073	27,450	283,215	1,202,429	221,086	2,731,665	1,952,712	14,250,661	(1,448,236)	12,802,425					
91100 Administrative Salaries	286,768		9,849			52,914		758,795		758,795					
91200 Auditing Fees	12,450		770			8,900		22,890		22,890					
91300 Management Fee	884,401		28,075	117,600		58,320		1,088,396	(1,088,396)	-					
91310 Book-keeping Fee	95,195		3,756			34,989		134,942	(134,942)	-					
91400 Advertising and Marketing	2,853							7,179		10,032					
91500 Employee Benefit Contributions - Administrative	118,720		3,363			18,135		131,068		271,286					
91600 Office Expenses	244,974	1,066	2,109			23,371		195,558	(53,362)	413,716					
91700 Legal Expense	53,689		2,223			701		8,624		65,437					
91800 Travel	11,078							37,066		48,146					
91910 Allocated Overhead															
91900 Other	8,044					3,121		119,273		119,273					
91000 Total Operating - Administrative	1,729,172	1,066	50,347	117,600		200,451		2,986,275	(1,275,700)	1,709,575					
92000 Asset Management Fee	129,910		5,080					134,990	(134,990)	-					
92100 Tenant Services - Salaries	18,020				131,844	27,012	7,680	184,556		184,556					
92200 Relocation Costs	6,750							6,750		6,750					
92300 Employee Benefit Contributions - Tenant Services	6,405				42,532	9,784	1,317	60,038		60,038					
92400 Tenant Services - Other	116,272							116,272		116,272					
92500 Total Tenant Services	147,447				174,376	36,796	8,997	367,616		367,616					
93100 Water	183,002		814					183,816		183,816					
93200 Electricity	406,932		624					407,556		407,556					
93300 Gas	289,725		623					270,348		270,348					
93400 Fuel															
93500 Labor															
93600 Sewer	339,763		1,789					341,537		341,537					

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Entity Wide Revenue and Expense Summary

	Project Total	2 State/Local	1 Business Activities	14,884 Competitive Capital Fund Stimulus Grant	14,970 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	25,371					796		27,167		27,167
93600 Other Utilities Expense	1,225,799		3,830			796		1,230,425		1,230,425
93000 Total Utilities	1,251,170		3,830			1,592		1,230,425		1,230,425
94100 Ordinary Maintenance and Operations - Labor	617,812		65,147					682,959		682,959
94200 Ordinary Maintenance and Operations - Materials and Other	317,759							317,759		317,759
94300 Ordinary Maintenance and Operations Contracts	566,619							566,619		566,619
94500 Employee Benefit Contributions - Ordinary Maintenance	244,338							244,338		244,338
94000 Total Maintenance	1,746,528		65,147					1,811,675		1,811,675
95100 Protective Services - Labor	30,438							30,438		30,438
95200 Protective Services - Other Contract Costs	103,369							103,369		103,369
95300 Protective Services - Other	11,692							11,692		11,692
95500 Employee Benefit Contributions - Protective Services	145,499							145,499		145,499
95000 Total Protective Services	291,008							291,008		291,008
96110 Property Insurance	214,811		5,329					220,140		220,140
96120 Liability Insurance	95,631		2,258					97,889		97,889
96130 Workmen's Compensation	14,840							14,840		14,840
96140 All Other Insurance										
96100 Total Insurance Premiums	325,282		7,587					332,869		332,869
96200 Other General Expenses	7,629		5,548					13,177		13,177
96210 Compensated Absences	104,859							104,859		104,859
96300 Payments in Lieu of Taxes	63,586							63,586		63,586
96400 Bad debt - Tenant Rents	117,915		3,235					121,150		121,150
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	293,989		8,783					302,772		302,772
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										
96800 Total Operating Expenses	5,818,203	1,066	140,774	117,600	221,096	288,747	971,543	7,559,029	(1,448,236)	6,110,793
97000 Excess of Operating Revenue over Operating Expenses	2,573,870	26,384	142,441	1,084,829		2,442,939	421,169	6,691,632		6,691,632
97100 Extraordinary Maintenance	100,495							100,495		100,495
97200 Casualty Losses - Non-capitalized	125,782							125,782		125,782
97300 Housing Assistance Payments										
97350 HAP Portability-In										
97400 Depreciation Expense	1,732,177		14,667					1,746,844		1,746,844
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	7,776,657	1,066	179,446	117,600	221,096	2,688,200	990,109	11,954,174	(1,448,236)	10,505,938

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Entity Wide Revenue and Expense Summary

	Project Total	2 State/Local	1 Business Activities	14.884 Competitive Capital Fund Stimulus Grant	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
10010 Operating Transfer In	1,679,164							1,679,164		1,679,164
10020 Operating Transfer Out	(1,679,164)							(1,679,164)		(1,679,164)
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	316,119							316,119		316,119
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Program and Program - Out										
10100 Total Other financing Sources (Uses)	316,119							316,119		316,119
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	931,535	25,384	103,769	1,084,829		63,486	402,603	2,612,606		2,612,606
11020 Required Annual Debt Principal Payments	144,281							144,281		144,281
11030 Beginning Equity	23,935,405	279,776	401,606		(1,728)	101,818	1,906,282	26,623,159		26,623,159
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	1,083,182			(1,084,829)			1,647			
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						1,995		1,995		1,995
11180 Housing Assistance Payments Equity						163,309		163,309		163,309
11190 Unit Months Available	12,317		508			4,896		17,721		17,721
11210 Number of Unit Months Leased	12,152		501			4,859		17,511		17,511
11270 Excess Cash	6,002,445							6,002,445		6,002,445
11670 Land Purchases										
11620 Building Purchases	3,198,153						258,305	3,456,458		3,456,458
11630 Furniture & Equipment - Dwelling Purchases										
11640 Furniture & Equipment - Administrative Purchases	66,354						1,957	68,311		68,311
11650 Leasehold Improvements Purchases	125,349							125,349		125,349
11660 Infrastructure Purchases										
13570 CFFP Debt Service Payments										
13901 Replacement Housing Factor Funds										

Submission Type: Audited/A-133 Fiscal Year End: 09/31/2012

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN012000001	IN012000003	IN012000004	Total
111 Cash - Unrestricted	1,140,797	3,969,859	1,271,080	6,381,736
112 Cash - Restricted - Modernization and Development	8,823	307,296		316,119
113 Cash - Other Restricted	8,112	49,845		57,957
114 Cash - Tenant Security Deposits	39,618	70,254	70,473	180,345
115 Cash - Restricted for Payment of Current Liabilities	31,410	66,326	46,545	144,281
100 Total Cash	1,228,760	4,463,580	1,388,098	7,080,438
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	130	65,008	7,958	73,096
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		1,357	2,029	3,386
126 Accounts Receivable - Tenants	4,590	4,947	7,483	17,020
126.1 Allowance for Doubtful Accounts - Tenants	-4,131	-4,452	-6,735	-15,318
126.2 Allowance for Doubtful Accounts - Other	0	0	0	0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	1,333	14,819		16,152
128.1 Allowance for Doubtful Accounts - Fraud	-1,200	-13,337		-14,537
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	722	68,342	10,735	79,799
131 Investments - Unrestricted	104,653	233,008	161,675	499,336
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	4,541	8,745	20,874	34,160
143 Inventories	27,259	110,644	29,775	167,678
143.1 Allowance for Obsolete Inventories	-8,178	-33,193	-8,932	-50,303
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	1,357,757	4,851,126	1,602,225	7,811,108
161 Land	295,882	2,605	295,883	594,370
162 Buildings	9,084,668	22,667,376	12,470,790	44,222,834
163 Furniture, Equipment & Machinery - Dwellings	86,842	189,780	124,524	401,146
164 Furniture, Equipment & Machinery - Administration	180,596	1,028,154	226,956	1,435,706
165 Leasehold Improvements	1,799,003	3,636,738	1,419,816	6,855,557
166 Accumulated Depreciation	-7,448,152	-14,829,926	-10,972,894	-33,250,972
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	3,998,839	12,694,727	3,565,075	20,258,641
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	3,998,839	12,694,727	3,565,075	20,258,641
190 Total Assets	5,356,596	17,545,853	5,167,300	28,069,749

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Project Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN012000001	IN012000003	IN012000004	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	8,616	18,988	30,049	57,653
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	4,172	11,142	5,899	21,213
322 Accrued Compensated Absences - Current Portion	8,239	18,014	10,423	36,676
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	13,862	30,076	19,648	63,586
341 Tenant Security Deposits	39,618	70,254	70,473	180,345
342 Deferred Revenues	6,238	13,017	17,595	36,850
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	31,410	66,326	46,545	144,281
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities		112,585		112,585
346 Accrued Liabilities - Other	21	170,049	239	170,309
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	112,176	510,451	200,871	823,498
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	266,595	571,647	399,930	1,238,172
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	8,112	49,845		57,957
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	274,707	621,492	399,930	1,296,129
300 Total Liabilities	386,883	1,131,943	600,801	2,119,627
508.1 Invested In Capital Assets, Net of Related Debt	3,700,834	12,056,754	3,118,600	18,876,188
511.1 Restricted Net Assets	8,822	307,296		316,118
512.1 Unrestricted Net Assets	1,260,057	4,049,860	1,447,899	6,757,816
513 Total Equity/Net Assets	4,969,713	16,413,910	4,566,499	25,950,122
600 Total Liabilities and Equity/Net Assets	5,356,596	17,545,853	5,167,300	28,069,749

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN012000001	IN012000003	IN012000004	Total
70300 Net Tenant Rental Revenue	413,040	574,537	874,079	1,861,656
70400 Tenant Revenue - Other		69,022		69,022
70500 Total Tenant Revenue	413,040	643,559	874,079	1,930,678
70600 HUD PHA Operating Grants	823,198	2,685,046	820,346	4,328,590
70610 Capital Grants	96,755	1,425,486	200,119	1,722,360
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	9,445	23,295	13,578	46,318
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	1,415	26,978		28,393
71500 Other Revenue	60,134	189,760	85,170	335,064
71600 Gain or Loss on Sale of Capital Assets	2,467	(1,724)	(73)	670
72000 Investment Income - Restricted				
70000 Total Revenue	1,406,454	4,992,400	1,993,219	8,392,073
91100 Administrative Salaries	61,963	140,242	94,563	296,768
91200 Auditing Fees	2,713	5,886	3,851	12,450
91300 Management Fee	156,565	336,851	390,985	884,401
91310 Book-keeping Fee	20,955	45,090	30,150	96,195
91400 Advertising and Marketing	444	1,479	930	2,853
91500 Employee Benefit contributions - Administrative	23,741	58,860	36,119	118,720
91600 Office Expenses	39,394	81,887	123,693	244,974
91700 Legal Expense	13,600	35,191	4,898	53,689
91800 Travel	3,452	5,486	2,140	11,078
91810 Allocated Overhead				
91900 Other	3,045	3,022	1,977	8,044
91000 Total Operating - Administrative	325,872	713,994	689,306	1,729,172
92000 Asset Management Fee	28,320	61,390	40,200	129,910
92100 Tenant Services - Salaries	3,926	8,527	5,567	18,020
92200 Relocation Costs		6,750		6,750
92300 Employee Benefit Contributions - Tenant Services	1,354	3,189	1,862	6,405
92400 Tenant Services - Other	19,474	57,185	39,613	116,272
92500 Total Tenant Services	24,754	75,651	47,042	147,447
93100 Water	55,288	89,843	37,871	183,002
93200 Electricity	9,851	55,848	341,233	406,932
93300 Gas	96,775	152,065	20,886	269,726
93400 Fuel				
93500 Labor				
93600 Sewer	106,709	178,570	54,489	339,768
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	7,706	14,423	4,242	26,371

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN012000001	IN012000003	IN012000004	Total
93000 Total Utilities	276,329	490,749	458,721	1,225,799
94100 Ordinary Maintenance and Operations - Labor	136,479	329,900	151,433	617,812
94200 Ordinary Maintenance and Operations - Materials and Other	80,348	151,931	85,480	317,759
94300 Ordinary Maintenance and Operations Contracts	120,667	319,203	128,749	568,619
94500 Employee Benefit Contributions - Ordinary Maintenance	52,520	136,038	55,780	244,338
94000 Total Maintenance	390,014	937,072	421,442	1,748,528
95100 Protective Services - Labor	6,352	14,741	9,345	30,438
95200 Protective Services - Other Contract Costs	20,603	36,032	46,734	103,369
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services	2,473	5,820	3,399	11,692
95000 Total Protective Services	29,428	56,593	59,478	145,499
96110 Property Insurance	47,467	101,681	65,663	214,811
96120 Liability Insurance	20,208	44,354	31,069	95,631
96130 Workmen's Compensation	3,333	7,548	3,959	14,840
96140 All Other Insurance				
96100 Total insurance Premiums	71,008	153,583	100,691	325,282
96200 Other General Expenses	829	1,011	5,789	7,629
96210 Compensated Absences	23,470	51,752	29,637	104,859
96300 Payments in Lieu of Taxes	13,862	30,076	19,648	63,586
96400 Bad debt - Tenant Rents	21,473	91,582	4,860	117,915
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	59,634	174,421	59,934	293,989
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	14,516	33,817	24,244	72,577
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	14,516	33,817	24,244	72,577
96900 Total Operating Expenses	1,219,875	2,697,270	1,901,058	5,818,203
97000 Excess of Operating Revenue over Operating Expenses	186,579	2,295,130	92,161	2,573,870
97100 Extraordinary Maintenance	4,667	47,767	48,061	100,495
97200 Casualty Losses - Non-capitalized	34,803	89,986	993	125,782
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	434,091	880,269	417,817	1,732,177
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	1,693,436	3,715,292	2,367,929	7,776,657
10010 Operating Transfer In	94,336	1,389,849	194,979	1,679,164
10020 Operating transfer Out	(94,336)	(1,389,849)	(194,979)	(1,679,164)
10030 Operating Transfers from/to Primary Government				

Housing Authority of the City of New Albany (IN012)  
 NEW ALBANY, IN  
 Project Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2012

	IN012000001	IN012000003	IN012000004	Total
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	8,823	307,296		316,119
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	8,823	307,296	-	316,119
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(278,159)	1,584,404	(374,710)	931,535
11020 Required Annual Debt Principal Payments	31,410	66,326	46,545	144,281
11030 Beginning Equity	5,029,672	13,964,177	4,941,556	23,935,405
11040 Prior Period Adjustments, Equity Transfers and Correction of	218,200	865,329	(347)	1,083,182
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	2,832	5,525	3,960	12,317
11210 Number of Unit Months Leased	2,794	5,398	3,960	12,152
11270 Excess Cash	1,104,204	3,674,876	1,223,365	6,002,445
11610 Land Purchases	-	-	-	-
11620 Building Purchases	336,992	2,455,192	405,969	3,198,153
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	48,696	6,357	11,301	66,354
11650 Leasehold Improvements Purchases	48,316	39,674	37,359	125,349
11660 Infrastructure Purchases	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-