



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43625

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

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 Mountjoy Chilton Medley, LLP, Independent Public Accountants, for the period April 1, 2012 to March 31, 2013. 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, 2013 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

Housing Authority of the City of New Albany
Financial Statements and Supplementary Information
Year Ended March 31, 2013

Housing Authority of the City of New Albany

Table of Contents
March 31, 2013

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis (MD&A)	3 - 11
Financial Statements	
Statement of Net Position.....	12 - 13
Statement of Revenues, Expenses, and Changes in Net Position	14
Statement of Cash Flows.....	15 - 16
Notes to Financial Statements.....	17 - 22
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance	25 - 26
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Audit Findings	28
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	29
Independent Accountant's Report on Applying Agreed-Upon Procedure	30 - 31
Financial Data Schedule.....	32 - 41

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of New Albany

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of New Albany (the "Authority") as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2013, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

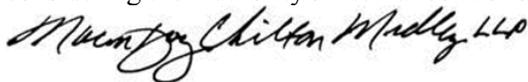
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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. In addition, the accompanying financial data schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Jeffersonville, Indiana
December 9, 2013

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A)
March 31, 2013**

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, 2013.

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 the Department of Housing and Urban Development (HUD) have been completed.

Reporting on the Authority as a Whole

The Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority as a whole and about its activities in a format that helps the reader assess the result of operations for fiscal year 2013. 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 \$29,088,185 at the close of the fiscal year ended March 31, 2013. Net Position categorized as follows:
 - ✓ Unrestricted net position of \$10,042,007 may be used to meet the Authority's ongoing obligations to citizens and creditors.
 - ✓ Restricted net position of \$482,484 includes Section 8 dollars used for their designated purpose according to HUD regulations of \$166,366 and insurance reimbursement unspent totaling \$316,118.
 - ✓ The remainder of \$18,563,694 represents the net of debt amount invested in land, building, furnishings, equipment, and remodeling construction.
- Total Revenue decreased 19% due to reduction in Capital Funds
- Total HUD operating grants increased 1.5%
- Total Expenses increased 2.5% over prior fiscal year
- The Authority has long-term debt related to its Energy Performance Contract

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

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 position and changes in it. One can think of the Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position 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 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 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 position, is an important financial indicator. The statements evaluated include:

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

Statements of Revenues, Expenses and Changes in Net Position - 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:

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Reporting the Authority's Most Significant Programs (Continued)

Low Income Public Housing

The Authority owns approximately 1,083 units in developments in the City of New Albany. The 1,082 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, 2013.

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.

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 2013 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.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Authority-wide Condensed Financial Statements

Statement of Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current & Other Assets			
Cash	\$ 10,413,451	\$ 9,988,022	\$ 425,429
Other Current Assets	1,032,923	812,128	220,795
Capital Assets (Net)	<u>19,801,866</u>	<u>20,835,630</u>	<u>(1,033,764)</u>
Total Assets	<u>\$ 31,248,240</u>	<u>\$ 31,635,780</u>	<u>\$ (387,540)</u>
Liabilities			
Accounts Payable	\$ 142,762	\$ 84,941	\$ 57,821
Other Current Liabilities	686,424	985,542	(299,118)
Long Term Liabilities	1,086,540	1,238,172	(151,632)
Non-current Liabilities (other)	<u>244,329</u>	<u>91,360</u>	<u>152,969</u>
Total Liabilities	<u>\$ 2,160,055</u>	<u>\$ 2,400,015</u>	<u>\$ (239,960)</u>
Net Position			
Net Investment in Capital Assets	\$ 18,563,694	\$ 19,453,177	\$ (889,483)
Restricted	482,484	479,427	3,057
Unrestricted	<u>10,042,007</u>	<u>9,303,161</u>	<u>738,846</u>
Total Net Position	<u>\$ 29,088,185</u>	<u>\$ 29,235,765</u>	<u>\$ (147,580)</u>

Major Factors Affecting the Statement of Net Position

Total assets are \$31,248,240 and \$31,635,780 at March 31, 2013 and March 31, 2012, respectively, representing a decrease of \$387,540.

Cash has increased due to efficiencies in program operation and conservation of cash, especially in the Central Office Cost Center (COCC). In the prior fiscal year the COCC purchased the Brown Starks Building which required cash outlay of \$223,595. No significant COCC funds were expended for depreciable assets this fiscal year. The Authority has a long term plan to demolish and rebuild units through a HUD program, known as RAD (Rental Assistance Demonstration), so the intent is to maintain property and avoid unnecessary improvements so that cash is conserved for rebuilding units.

Included in other current assets of \$1,032,923 is an unrestricted investment in CD's totaling \$515,022, net inventory of \$109,628, prepaid expense of \$35,343, and accounts receivable totaling \$372,930. A significant increase in accounts receivable is due to a reimbursement the Authority is anticipating from Capital Fund expenditures. The Authority recorded a receivable for Capital Funds reimbursements at March 31, 2012 of \$73,096 whereas at March 31, 2013 it was \$292,379.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Major Factors Affecting the Statement of Net Position (Continued)

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 (\$1,717,075 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.

The increase in Accounts Payable is due to a COCC payable for furniture, \$29,466 and routine increases in accrued expenses in each project and program.

Other current liabilities is a combination of several accounts, most of which decreased moderately. An exception is a reclassification of \$145,000 accrued expense for asbestos removal at Valley View from other current liabilities to non-current liabilities. Ledger accounts in this category include ordinary year-end payables associated with vendors and payroll as well as the balance of \$10,000 accrued expense for asbestos removal at Valley View.

The Authority has classified its Family Self Sufficiency (FSS) escrow dollars, \$99,329, as a non-current liability because the payouts do not meet the criteria for current liability. The balance of non-current liabilities, \$145,000, is the long term portion of accrued expense at Valley View for asbestos removal.

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 Position is presented in conformity with GASB 34. Net Position is \$29,088,185 and \$29,235,765 at March 31, 2013 and March 31, 2012, respectively, representing a decrease of \$147,580. This is the overall loss experienced by the Authority for the fiscal year.

The component Unrestricted Net Position increased by \$738,846. This component represents funds that can be used to meet future obligations.

Restricted Net Position increased by \$3,057. The total dollars, \$482,484, represent two types of funds. Funds available to house Section 8 participants, \$166,366, are identified by HUD regulations as subject to restrictions of use. The increase over prior year dollars indicates that 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.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Statement of Agency Wide Revenues, Expenses, and Changes in Net Position

Statement of Revenues

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Source			
Tenant Revenue	\$ 2,328,765	\$ 2,213,657	\$ 115,108
HUD Operating Grants	7,472,353	7,359,417	112,936
Capital Grants	414,470	2,807,189	(2,392,719)
Other Income	<u>410,465</u>	<u>738,281</u>	<u>(327,816)</u>
Total Revenues	<u>\$ 10,626,053</u>	<u>\$ 13,118,544</u>	<u>\$ (2,492,491)</u>

A significant factor in the decrease of total revenue for the year ended March 31, 2013 is \$2,392,719 less in Capital Fund draws for hard costs. The decrease is explained by noting the Authority administered two ARRA formula and competitive grants during the fiscal year ended March 31, 2012. The ARRA grants were completed during in 2012 so the prior year Statement of Revenues reflects that additional funding.

Another factor is the decrease of Other Income from the prior year. In fiscal year 2012 the Authority received \$321,781 of insurance proceeds that were required to be shown as income on the Statement of Revenues. A storm damaged several air conditioning units but they are still in use and will be replaced as the need arises by using these dollars set aside for that purpose.

Capital Grant money is intended for capitalized expenses and operating expenses. Capitalized expenses, referred to as hard costs, \$414,470, are dollars expended for assets that are capitalized and depreciated over their useful life, while soft cost or operating expenses, \$681,346, 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 24 ADA units at Parkview Terrace, and renovations at each Amp for common area and handicap accessibility.

HUD operating grants are:

- Public housing subsidy \$3,825,626 (decreased 5%);
- Section 8 grants \$2,626,408 (decreased 2.5%);
- ROSS grants \$338,973 (increased 53.3%); and
- Capital fund soft costs \$681,346 (increased 60%).

Section 8 funding decreased due to Congressional proration of all funding during the fiscal year. During the year we received additional administrative dollars after HUD performed its reconciliation of quarterly leasing information submitted monthly through the Voucher Management System (VMS). Recently we received notice of overpayment for fiscal year 2013. This adjustment, based on the Voucher Management System, shows the agency was overpaid \$2,922 in administrative fees, dollars based on the number of units rented. The Authority has removed these dollars from fiscal year 2013 income and recorded them as unearned revenue. They will be recorded as administrative fee income in the next fiscal year. It is possible there will be more adjustments, but nothing can be recorded as amounts are unknown.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Statement of Agency Wide Revenues, Expenses, and Changes in Net Position (Continued)

Statement of Revenues (Continued)

This situation occurs because Section 8 is funded on a calendar year basis while the Authority operates on a fiscal year basis. The first quarter of the calendar year VMS is not available to be analyzed by HUD until after the start of the Authority's new fiscal year in April. Changes due to reconciliation appear as adjustments to fiscal year end operational results on our financials.

Current year Capital Grants come from annual formula Capital Grant dollars. All ARRA grants were closed in the prior fiscal year. For the fiscal year \$1,095,816 of funds were drawn down as they were obligated and expended for projects outlined in the annual formula Capital Grant budget. HUD considers the CFP program an expenditure driven grant program.

Tenant Revenue has increased slightly. One contributing factor is completion of rehabilitation of offline units. Unit months available (UMA) increased 5.5% and the number of unit months leased (UML) increased 5.3%.

Significant sources of other income for the year ended March 31, 2013, were \$38,112 interest income, \$61,880 fraud recovery income, and \$318,467 miscellaneous income from tenant charges on work orders and similar occupancy related items.

Statement of Expenses

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Activity			
Administrative	\$ 1,663,078	\$ 1,709,575	\$ (46,497)
Tenant Services	436,716	367,616	69,100
Utilities	1,267,412	1,230,425	36,987
Maintenance	1,885,623	1,797,918	87,705
Housing Assistance Payment	2,402,562	2,375,685	26,877
Depreciation	1,717,075	1,769,178	(52,103)
Protective Services	217,920	145,953	71,967
General Expenses	927,151	786,729	140,422
Extraordinary Maintenance	190,514	250,282	(59,768)
Interest Expense	65,582	72,577	(6,995)
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 10,773,633</u>	<u>\$ 10,505,938</u>	<u>\$ 267,695</u>

The increase in operating expense is 2.5%. Overall, the costs of personnel and service reflect increases, and are slightly offset by reduction in administrative expense, extraordinary maintenance, interest and depreciation.

Categories directly associated with providing resident service have increased, excluding 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, \$39,373. The reimbursement is shown in other revenue in the Section 8 program, separate from HUD PHA Operating Grants. The second component is an increase in expense for Authority HAP payments on our own vouchers, \$14,304, despite 55 unit months that were not leased. The net increase is \$26,877.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Statement of Agency Wide Revenues, Expenses, and Changes in Net Position (Continued)

Statement of Expenses (Continued)

Depreciation expense decreased. New assets, building improvements and rehabilitation contracts were capitalized according to Authority policy for fixed assets that specifies a threshold of \$500 for capitalization of an asset with a life expectancy of longer than one year. The first and last year of depreciation is at fifty percent of the allowable expense.

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

General expense, consisting of various accounts, increased overall. Bad debt increased \$38,288 (30%) however, the Authority is continuing to actively pursue collection of rent receivables. Insurance expense for property and liability increased \$39,246. Other categories showed minimal difference.

Statement of Capital Assets

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Source			
Land	\$ 672,686	\$ 624,308	\$ 48,378
Buildings	45,105,220	44,557,272	547,948
Equipment-Dwelling	377,433	411,619	(34,186)
Equipment-Administration	2,067,324	2,034,825	32,499
Leasehold Improvements	7,085,793	7,074,854	10,939
Accumulated Depreciation	<u>(35,506,590)</u>	<u>(33,867,248)</u>	<u>(1,639,342)</u>
Total	<u>\$ 19,801,866</u>	<u>\$ 20,835,630</u>	<u>\$ (1,033,764)</u>

Capital Assets, net of disposals, increased \$605,578 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 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 a decrease to capital assets of \$1,033,764.

**Housing Authority of the City of New Albany
Management's Discussion and Analysis (MD&A) (Continued)
March 31, 2013**

Statement of Agency Wide Revenues, Expenses, and Changes in Net Position (Continued)

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, including the current portion, at March 31, 2013 was \$1,238,172.

Economic Factors

The Housing 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.

Typically, operating subsidies for a calendar year have been funded based on the prior calendar year project eligibility, and adjustments were made for project expense levels, utility expense levels, and formula income. Due to budget uncertainty, Congress made cuts to our request for funding using processes known as sequester and proration. Sequester is a term used to describe a series of across-the-board federal spending cuts. By the end of the federal fiscal year, \$85 billion in automatic reductions to both defense and domestic spending will take effect, so PHAs are anticipating funding to continue to decline. HUD will seek alternative sources of money. Recapture of operating reserve is a strategy used to minimize cash contributions to agencies by requiring the agency to expend their cash on hand, known as operating reserve. Operating reserve will replace a portion of the monthly subsidy contributions.

In the prior fiscal year, the Authority applied for and received an exclusion of \$3,809,737 in operating reserves from potential recapture as part of the long term strategy for investment in rebuilding public housing properties. 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).

Significant economic factors affecting the Authority are as follows:

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

Contacting the Authority's Financial Management

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

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

Housing Authority of the City of New Albany
Statement of Net Position
March 31, 2013

Assets

Current Assets

Cash	\$ 9,468,890
Cash - restricted	944,561
Certificate of deposit	515,022
Accounts receivable - HUD	320,339
Accounts receivable - miscellaneous	32,898
Accounts receivable - tenants, net	10,144
Accounts receivable - fraud recovery, net	9,549
Prepaid expenses and other assets	35,343
Inventory - materials and supplies, net	<u>109,628</u>

Total Current Assets	11,446,374
----------------------	------------

Property and Equipment

Land	672,686
Buildings	45,105,220
Furniture, equipment and machinery - dwellings	377,433
Furniture, equipment and machinery - administration	2,067,324
Leasehold improvements	<u>7,085,793</u>
	55,308,456
Less accumulated depreciation	<u>(35,506,590)</u>

Property and Equipment, net	<u>19,801,866</u>
-----------------------------	-------------------

Total Assets	<u>31,248,240</u>
--------------	-------------------

Deferred Outflows of Resources

<u>-</u>

Housing Authority of the City of New Albany
Statement of Net Position (Continued)
March 31, 2013

Liabilities

Current Liabilities

Current portion of long-term debt	\$ 151,632
Accounts payable	142,762
Accounts payable - HUD	314
Accounts payable - other government	71,554
Tenant security deposits	210,801
Unearned revenue	113,030
Accrued expenses	101,255
Other current liabilities	<u>37,838</u>

Total Current Liabilities 829,186

Noncurrent Liabilities

Long-term debt, net of current portion	1,086,540
Other noncurrent liabilities	<u>244,329</u>

Total Noncurrent Liabilities 1,330,869

Total Liabilities 2,160,055

Deferred Inflows of Resources -

Net Position

Net investment in capital assets	18,563,694
Restricted net position	482,484
Unrestricted net position	<u>10,042,007</u>

Total Net Position \$ 29,088,185

See accompanying notes.

Housing Authority of the City of New Albany
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended March 31, 2013

Operating Revenues	
Tenant revenue	\$ 2,328,765
HUD PHA operating grants	7,472,353
Fraud recovery	61,880
Other revenue	<u>318,467</u>
Total Operating Revenues	10,181,465
Operating Expenses	
Administrative	1,663,078
Tenant services	436,716
Utilities	1,267,412
Ordinary maintenance	1,885,623
Protective services	217,920
Insurance expense	396,601
Other general expenses	530,550
Housing assistance payments	2,402,562
Depreciation expense	<u>1,717,075</u>
Total Operating Expenses	<u>10,517,537</u>
Net Operating Loss	<u>(336,072)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	38,112
Interest expense	(65,582)
Loss on disposal of property and equipment	(7,994)
Extraordinary maintenance and casualty losses	<u>(190,514)</u>
Total Nonoperating Expenses, net	<u>(225,978)</u>
Net Loss Before Capital Fund Grants	(562,050)
Capital Fund Grants	<u>414,470</u>
Change in Net Position	(147,580)
Net Position, Beginning of Year	<u>29,235,765</u>
Net Position, End of Year	<u><u>\$ 29,088,185</u></u>

See accompanying notes.

Housing Authority of the City of New Albany
Statement of Cash Flows
Year Ended March 31, 2013

Operating Activities	
Cash received from tenants	\$ 2,406,911
Cash received from HUD PHA grants	7,274,335
Other cash received	360,604
Administrative expenses	(1,650,031)
Tenant services	(436,716)
Utilities	(1,267,410)
Ordinary maintenance and operations	(2,220,788)
Protective services	(217,920)
Insurance premiums	(396,601)
Other general expenses	(522,582)
Housing assistance payments	(2,249,593)
	<hr/>
Net Cash Provided by Operating Activities	1,080,209
Investing Activities	
Purchase of certificate of deposit	(15,686)
Interest earned	38,112
	<hr/>
Net Cash Provided by Investing Activities	22,426
Capital and Related Financial Activities	
Capital grant receipts	414,470
Purchase of property and equipment	(691,299)
Repayments of long-term debt	(144,281)
Interest paid on long-term debt	(65,582)
	<hr/>
Net Cash Used by Capital and Related Financing Activities	(486,692)
Non-capital Financing Activities	
Extraordinary maintenance and casualty losses	(190,514)
	<hr/>
Cash Used by Non-capital Financing Activities	(190,514)
	<hr/>
Net Increase in Cash	425,429
Cash	
Beginning of year	9,988,022
	<hr/>
End of year	<u><u>\$ 10,413,451</u></u>

Housing Authority of the City of New Albany
Statement of Cash Flows (Continued)
Year Ended March 31, 2013

Operating Activities	
Net operating loss	\$ (336,072)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	1,717,075
Bad debt expense	160,086
(Increase) decrease in:	
Accounts receivable - HUD	(198,332)
Accounts receivable - tenants	(168,528)
Accounts receivable - miscellaneous	(17,898)
Accounts receivable - fraud recovery	(1,843)
Prepaid expenses and other assets	13,047
Inventory - materials and supplies	8,359
Increase (decrease) in:	
Accounts payable	57,821
Accounts payable - HUD	314
Accounts payable - other government	7,968
Tenant security deposits	11,320
Unearned revenue	75,268
Accrued expenses	(167,290)
Other liabilities	(81,086)
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 1,080,209</u></u>
* Cash reconciliation as reported on the Statement of Net Position:	
Cash	\$ 9,468,890
Cash - restricted	944,561
	<hr/>
	<u><u>\$ 10,413,451</u></u>

See accompanying notes.

Housing Authority of the City of New Albany
Notes to Financial Statements
March 31, 2013

Note A - Nature of the Organization and Operations

The Housing Authority of the City of New Albany (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 1,082 public housing units and administers 408 Section 8 vouchers under Annual Contributions Contract C-912 in New Albany, Indiana.

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.

Note B - Summary of Significant Accounting Policies

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

1. **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.

2. **Basis of Accounting:** The financial statements of the Authority have been prepared on the accrual basis of accounting.
3. **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.
4. **Cash Equivalents:** The Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consisting of money market funds totaled \$9,816,992 at March 31, 2013.

Housing Authority of the City of New Albany
Notes to Financial Statements (Continued)
March 31, 2013

Note B - Summary of Significant Accounting Policies (Continued)

5. 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 \$28,335 for accounts receivable - tenants. The allowance for doubtful accounts was \$85,952 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, 2013. Management believes all other accounts receivable as of March 31, 2013 were collectible and no allowance was necessary.
6. 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 \$46,826 at March 31, 2013, and is deducted against supplies inventory to properly reflect the lower of cost or market value.
7. Property and Equipment: Property and equipment are recorded 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.

8. 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 the Department of Housing and Urban Development ("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.

9. Application of Restricted Resources: The Authority will first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
10. Subsequent Events: The Authority has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.

Housing Authority of the City of New Albany
Notes to Financial Statements (Continued)
March 31, 2013

Note C - Cash Deposits

In accordance with Section 401-(E) of the HUD/Public Housing Authority 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.

1. 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, 2013, 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.
2. 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.

3. 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. All investments at March 31, 2013 were held in certificates of deposit which carry no credit risk.
4. 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.
5. 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, 2013, was \$10,413,451 and \$515,022, respectively. The bank balance of cash, including tenants' escrow accounts and investments owned at March 31, 2013, was \$10,478,779 and \$515,022, respectively. Investments consist of a certificate of deposit.

Housing Authority of the City of New Albany
Notes to Financial Statements (Continued)
March 31, 2013

Note C - Cash Deposits (Continued)

Restricted cash totaled \$944,561 at March 31, 2013, and was comprised of the following:

FSS program tenant escrow accounts	\$	99,329
Tenant security deposits		210,801
HCV housing assistance payments		166,366
Unspent insurance proceeds		316,119
Payment of current liabilities		151,946
		<u>944,561</u>
	\$	<u>944,561</u>

A corresponding liability for the tenant escrow accounts has been shown as other noncurrent liabilities on the Statement of Net Position. See Note F for details on the restricted net position which correspond to the Housing Choice Voucher program housing assistance payment restricted cash.

Note D - Property and Equipment

The following is the detail of property and equipment transactions during the year ended March 31, 2013:

	Balance March 31, 2012	Additions	Disposals	Balance March 31, 2013
Land	\$ 624,308	\$ 48,378	\$ -	\$ 672,686
Buildings	44,557,272	599,268	(51,320)	45,105,220
Furniture, equipment and machinery - dwellings	411,619	-	(34,186)	377,433
Furniture, equipment and machinery - administration	2,034,825	32,714	(215)	2,067,324
Leasehold improvements	7,074,854	10,939	-	7,085,793
	<u>\$ 54,702,878</u>	<u>\$ 691,299</u>	<u>\$ (85,721)</u>	<u>\$ 55,308,456</u>

Total depreciation expense for the year ended March 31, 2013, was \$1,717,075.

Note E - 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 Position 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, 2013. Amortization of the capitalized cost of the equipment is charged to depreciation expense. The accumulated amortization/depreciation on the assets at March 31, 2013, was \$287,916. 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.

Housing Authority of the City of New Albany
Notes to Financial Statements (Continued)
March 31, 2013

Note E - Long-term Debt (Continued)

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

Year ending March 31	Principal	Interest	Total
2014	\$ 151,632	\$ 58,231	\$ 209,863
2015	159,357	50,506	209,863
2016	167,477	42,386	209,863
2017	176,011	33,852	209,863
2018	184,979	24,884	209,863
Thereafter	<u>398,716</u>	<u>21,010</u>	<u>419,726</u>
Total minimum lease payments	1,238,172	<u>\$ 230,869</u>	<u>\$ 1,469,041</u>
Less: current portion	<u>(151,632)</u>		
Long-term portion of minimum lease obligations	<u>\$ 1,086,540</u>		

Note F - Restricted Net Position

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 position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$166,366 as restricted net position at March 31, 2013, in the Housing Choice Voucher Program. In addition, the Authority has restricted net position of \$316,118 related to unspent insurance proceeds. Restricted net position totaled \$482,484 at March 31, 2013.

Note G - 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, 2013, the Authority contributed \$26,091 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. 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 \$147,928 for the year ended March 31, 2013.

Note H - 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, 2013, a liability of \$60,551 has been recorded for accrued PTO at that date. The liability has been included in "Accrued expenses" on the Statement of Net Position.

Housing Authority of the City of New Albany
Notes to Financial Statements (Continued)
March 31, 2013

Note I - 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 J - 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.

Note K - 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 L - 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) upon its disturbance. At March 31, 2013, the asbestos removal had been completed for one unit, and had not yet commenced for the other thirty-nine units. As of March 31, 2013, management has established a liability of \$155,000 for the estimated costs of removal in the remaining thirty-nine units. It is not expected that significant disturbance of the asbestos will occur during the coming year, so \$10,000 of this liability has been included in other current liabilities and \$145,000 has been included in other noncurrent liabilities on the Statement of Net Position. The liability is potentially subject to change in the near term due to removal cost increases or reductions or changes in applicable laws and regulations.

Note M - 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.

Other Reports

Independent Auditor's 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*

To the Board of Commissioners
Housing Authority of the City of New Albany

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of New Albany (the Authority) which comprise the statement of net position as of March 31, 2013, and the statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

**Independent Auditor's 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* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
December 9, 2013

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

To the Board of Commissioners
Housing Authority of the City of New Albany

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance (Continued)

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of 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, 2013.

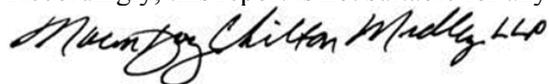
Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Jeffersonville, Indiana
December 9, 2013

**Housing Authority of the City of New Albany
 Schedule of Findings and Questioned Costs
 Year Ended March 31, 2013
 Section I - Summary of Independent Auditor's Results**

Financial Statements

Type of auditor's 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 auditor's 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>	
14.871	Section 8 Housing Choice Vouchers	\$ 2,626,408
14.870	Resident Opportunity and Supportive Services	\$ 338,973

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x yes no

Section II - Findings - Financial Statement Audit

None.

Section III - Findings - Major Federal Award Programs Audit

None.

**Housing Authority of the City of New Albany
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2013**

None.

Supplementary Information

**Housing Authority of the City of New Albany
Schedule of Expenditures of Federal Awards
Year ended March 31, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Received directly from the U.S. Department of Housing and Urban Development:		
Low Rent Public Housing	14.850	\$ 3,825,626
Resident Opportunity and Supportive Services	14.870	338,973
Section 8 Housing Choice Vouchers	14.871	2,626,408
Public Housing Capital Fund	14.872	<u>1,095,816</u>
Total Expenditures of Federal Awards		<u>\$ 7,886,823</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.

Independent Accountant's Report on Applying Agreed-Upon Procedure

Housing Authority of the City of New Albany

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, 2013, and have issued our reports thereon dated December 9, 2013. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated December 9, 2013, 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.

A handwritten signature in black ink that reads "Mountjoy Chilton Medley LLP".

Jeffersonville, Indiana
December 16, 2013

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

	UFRS RULE	HARD COPY		DOES
PROCEDURE	INFORMATION	DOCUMENT(S)	AGREES	NOT
				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: 03/31/2013

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 6,183,504		\$ 8,739	\$ 329,193	\$ 441,982	\$ 2,505,472	\$ 9,468,890		\$ 9,468,890
112 Cash - Restricted - Modernization and Development	316,119						316,119		316,119
113 Cash - Other Restricted	50,832		214,863				265,695		265,695
114 Cash - Tenant Security Deposits	190,631				20,170		210,801		210,801
115 Cash - Restricted for Payment of Current Liabilities	151,632	-	314	-	-	-	151,946	-	151,946
100 Total Cash	6,892,718	-	223,916	329,193	462,152	2,505,472	10,413,451	-	10,413,451
121 Accounts Receivable - PHA Projects			240				240		240
122 Accounts Receivable - HUD Other Projects	292,379	27,960					320,339		320,339
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	8,949			1,068		55,206	65,223	(32,565)	32,658
126 Accounts Receivable - Tenants	31,483				6,996		38,479		38,479
126.1 Allowance for Doubtful Accounts - Tenants	(28,335)				-		(28,335)		(28,335)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	32,768		62,733				95,501		95,501
128.1 Allowance for Doubtful Accounts - Fraud	(29,492)		(56,460)				(85,952)		(85,952)
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	307,752	27,960	6,513	1,068	6,996	55,206	405,495	(32,565)	372,930
131 Investments - Unrestricted	515,022						515,022		515,022
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	24,425		4,619		1	6,298	35,343		35,343
143 Inventories	156,159				295		156,454		156,454
143.1 Allowance for Obsolete Inventories	(46,737)				(89)		(46,826)		(46,826)
144 Inter Program Due From						23,892	23,892	(23,892)	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-
150 Total Current Assets	7,849,339	27,960	235,048	330,261	469,355	2,590,868	11,502,831	(56,457)	11,446,374
161 Land	594,370				78,316		672,686		672,686
162 Buildings	44,745,752				92,934	266,534	45,105,220		45,105,220
163 Furniture, Equipment & Machinery - Dwellings	366,960				10,473		377,433		377,433
164 Furniture, Equipment & Machinery - Administration	1,467,067		124,117		16,520	459,620	2,067,324		2,067,324
165 Leasehold Improvements	6,855,557				230,236		7,085,793		7,085,793
166 Accumulated Depreciation	(34,846,224)		(116,174)		(81,787)	(462,405)	(35,506,590)		(35,506,590)
167 Construction in Progress									
168 Infrastructure	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	19,183,482	-	7,943	-	346,692	263,749	19,801,866	-	19,801,866
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	19,183,482	-	7,943	-	346,692	263,749	19,801,866	-	19,801,866

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: 03/31/2013

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
190 Total Assets	\$ 27,032,821	\$ 27,960	\$ 242,991	\$ 330,261	\$ 816,047	\$ 2,854,617	\$ 31,304,697	\$ (56,457)	\$ 31,248,240
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	94,771	1,218	29,217	284	12,041	37,796	175,327	(32,565)	142,762
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	23,416	4,578	2,056			10,654	40,704		40,704
322 Accrued Compensated Absences - Current Portion	34,442		3,336			22,773	60,551		60,551
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs			314				314		314
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	71,554						71,554		71,554
341 Tenant Security Deposits	190,631				20,170		210,801		210,801
342 Deferred Revenues	106,672		5,355	1,003			113,030		113,030
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	151,632						151,632		151,632
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	25,541				10,076	2,221	37,838		37,838
346 Accrued Liabilities - Other									
347 Inter Program - Due To		23,892					23,892	(23,892)	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	698,659	29,688	40,278	1,287	42,287	73,444	885,643	(56,457)	829,186
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	1,086,540						1,086,540		1,086,540
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	50,832		48,497		145,000		244,329		244,329
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	1,137,372	-	48,497	-	145,000	-	1,330,869	-	1,330,869
300 Total Liabilities	1,836,031	29,688	88,775	1,287	187,287	73,444	2,216,512	(56,457)	2,160,055
508.1 Invested In Capital Assets, Net of Related Debt	17,945,310		7,943		346,692	263,749	18,563,694		18,563,694
511.1 Restricted Net Assets	316,118		166,366				482,484		482,484
512.1 Unrestricted Net Assets	6,935,362	(1,728)	(20,093)	328,974	282,068	2,517,424	10,042,007	-	10,042,007
513 Total Equity/Net Assets	25,196,790	(1,728)	154,216	328,974	628,760	2,781,173	29,088,185	-	29,088,185
600 Total Liabilities and Equity/Net Assets	\$ 27,032,821	\$ 27,960	\$ 242,991	\$ 330,261	\$ 816,047	\$ 2,854,617	\$ 31,304,697	\$ (56,457)	\$ 31,248,240

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: 03/31/2013

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 1,977,472	\$ -	\$ -	\$ -		\$ -	\$ 1,977,472	\$ -	\$ 1,977,472
70400 Tenant Revenue - Other	68,656	-	-	-	282,637	-	351,293	-	351,293
70500 Total Tenant Revenue	2,046,128	-	-	-	282,637	-	2,328,765	-	2,328,765
70600 HUD PHA Operating Grants	4,506,972	338,973	2,626,408				7,472,353		7,472,353
70610 Capital Grants	414,470						414,470		414,470
70710 Management Fee						1,054,342	1,054,342	(1,054,342)	-
70720 Asset Management Fee						135,000	135,000	(135,000)	-
70730 Book Keeping Fee						136,448	136,448	(136,448)	-
70740 Front Line Service Fee									
70750 Other Fees	-	-	-	-	-	58,092	58,092	(58,092)	-
70700 Total Fee Revenue	-	-	-	-	-	1,383,882	1,383,882	(1,383,882)	-
70800 Other Government Grants									
71100 Investment Income - Unrestricted	33,321		19			4,772	38,112		38,112
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	58,664		3,216				61,880		61,880
71500 Other Revenue	320,223		46,398	23,086		21,900	411,607	(93,140)	318,467
71600 Gain or Loss on Sale of Capital Assets	(7,994)						(7,994)		(7,994)
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000 Total Revenue	7,371,784	338,973	2,676,041	23,086	282,637	1,410,554	12,103,075	(1,477,022)	10,626,053
91100 Administrative Salaries	303,168		54,726		9,381	403,436	770,711		770,711
91200 Auditing Fees	30,922		2,863		1,002	1,002	35,789		35,789
91300 Management Fee	1,024,651		58,092		29,691		1,112,434	(1,112,434)	-
91310 Book-keeping Fee	96,285		36,308		3,855		136,448	(136,448)	-
91400 Advertising and Marketing	2,102					308	2,410		2,410
91500 Employee Benefit contributions - Administrative	115,311		15,913		3,305	130,886	265,415		265,415
91600 Office Expenses	292,475		21,292	272	2,108	140,051	456,198	(52,358)	403,840
91700 Legal Expense	58,690		311		2,027	19,789	80,817		80,817
91800 Travel	12,464		1,676			31,097	45,237		45,237
91810 Allocated Overhead									
91900 Other	1,358	-	3,767	-	-	53,734	58,859	-	58,859
91000 Total Operating - Administrative	1,937,426	-	194,948	272	51,369	780,303	2,964,318	(1,301,240)	1,663,078
92000 Asset Management Fee	129,840				5,160		135,000	(135,000)	-
92100 Tenant Services - Salaries	45,092	209,181	29,778				284,051		284,051
92200 Relocation Costs	1,400						1,400		1,400
92300 Employee Benefit Contributions - Tenant Services	14,135	67,088	8,494				89,717		89,717
92400 Tenant Services - Other	61,548	-	-	-	-	-	61,548	-	61,548
92500 Total Tenant Services	122,175	276,269	38,272	-	-	-	436,716	-	436,716
93100 Water	168,234				762		168,996		168,996
93200 Electricity	438,321				786		439,107		439,107
93300 Gas	246,255				486		246,741		246,741
93400 Fuel									
93500 Labor									
93600 Sewer	382,711				2,562		385,273		385,273
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense	26,408	-	887	-	-	-	27,295	-	27,295
93000 Total Utilities	1,261,929	-	887	-	4,596	-	1,267,412	-	1,267,412
94100 Ordinary Maintenance and Operations - Labor	611,943					286	612,229		612,229
94200 Ordinary Maintenance and Operations - Materials and Other	314,788				84,209	7,579	406,576	(25,122)	381,454
94300 Ordinary Maintenance and Operations Contracts	654,695					7,619	662,314		662,314
94500 Employee Benefit Contributions - Ordinary Maintenance	229,626	-	-	-	-	-	229,626	-	229,626
94000 Total Maintenance	1,811,052	-	-	-	84,209	15,484	1,910,745	(25,122)	1,885,623
95100 Protective Services - Labor	31,573						31,573		31,573

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: 03/31/2013

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	174,739						174,739		174,739
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services	11,608	-	-	-	-	-	11,608	-	11,608
95000 Total Protective Services	217,920	-	-	-	-	-	217,920	-	217,920
96110 Property Insurance	185,491				7,472	4,239	197,202		197,202
96120 Liability Insurance	153,477				913	19,035	173,425		173,425
96130 Workmen's Compensation	17,019		1,456			6,779	25,254		25,254
96140 All Other Insurance	-	-	720	-	-	-	720	-	720
96100 Total insurance Premiums	355,987	-	2,176	-	8,385	30,053	396,601	-	396,601
96200 Other General Expenses	58,405	46,405	35,896		3,053		143,759	(15,660)	128,099
96210 Compensated Absences	99,336	16,299	7,324			43,377	166,336		166,336
96300 Payments in Lieu of Taxes	71,554						71,554		71,554
96400 Bad debt - Tenant Rents	161,245					1,680	162,925		162,925
96500 Bad debt - Mortgages									
96600 Bad debt - Other			1,636				1,636		1,636
96800 Severance Expense	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	390,540	62,704	44,856	-	4,733	43,377	546,210	(15,660)	530,550
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)	65,582						65,582		65,582
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	65,582	-	-	-	-	-	65,582	-	65,582
96900 Total Operating Expenses	6,292,451	338,973	281,139	272	158,452	869,217	7,940,504	(1,477,022)	6,463,482
97000 Excess of Operating Revenue over Operating Expenses	1,079,333	-	2,394,902	22,814	124,185	541,337	4,162,571	-	4,162,571
97100 Extraordinary Maintenance	187,148						187,148		187,148
97200 Casualty Losses - Non-capitalized	2,000					1,366	3,366		3,366
97300 Housing Assistance Payments			2,363,189				2,363,189		2,363,189
97350 HAP Portability-In			39,373				39,373		39,373
97400 Depreciation Expense	1,672,983		3,428		17,601	23,063	1,717,075		1,717,075
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-
90000 Total Expenses	8,154,582	338,973	2,687,129	272	176,053	893,646	12,250,655	(1,477,022)	10,773,633
10010 Operating Transfer In	433,574				16,801		450,375	(450,375)	-
10020 Operating transfer Out	(404,108)					(46,267)	(450,375)	450,375	-
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In	32,613						32,613	(32,613)	-
10092 Inter Project Excess Cash Transfer Out	(32,613)						(32,613)	32,613	-
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	29,466	-	-	-	16,801	(46,267)	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(753,332)	-	(11,088)	22,814	123,385	470,641	(147,580)	-	(147,580)
11020 Required Annual Debt Principal Payments	150,031	-	-	-	-	-	150,031		150,031
11030 Beginning Equity	25,950,122	(1,728)	165,304	306,160	505,375	2,310,532	29,235,765		29,235,765
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									

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: 03/31/2013

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
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			(12,150)				(12,150)		(12,150)
11180 Housing Assistance Payments Equity			166,366				166,366		166,366
11190 Unit Months Available	12,984		4,896				17,880		17,880
11210 Number of Unit Months Leased	12,838		4,841				17,679		17,679
11270 Excess Cash	6,171,766						6,171,766		6,171,766
11610 Land Purchases	-					-	-		-
11620 Building Purchases	414,470					-	414,470		414,470
11630 Furniture & Equipment - Dwelling Purchases	-					-	-		-
11640 Furniture & Equipment - Administrative Purchases	-					-	-		-
11650 Leasehold Improvements Purchases	-					-	-		-
11660 Infrastructure Purchases	-					-	-		-
13510 CFFP Debt Service Payments	-					-	-		-
13901 Replacement Housing Factor Funds	-					-	-		-

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

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2013

	IN012000001	IN012000003	IN012000004	Total
111 Cash - Unrestricted	\$ 1,204,273	\$ 3,758,958	\$ 1,220,273	\$ 6,183,504
112 Cash - Restricted - Modernization and Development	8,823	307,296		316,119
113 Cash - Other Restricted	15,652	35,180		50,832
114 Cash - Tenant Security Deposits	41,311	77,128	72,192	190,631
115 Cash - Restricted for Payment of Current Liabilities	33,011	69,705	48,916	151,632
100 Total Cash	<u>1,303,070</u>	<u>4,248,267</u>	<u>1,341,381</u>	<u>6,892,718</u>
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	6,469	275,041	10,869	292,379
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		6,715	2,234	8,949
126 Accounts Receivable - Tenants	7,064	15,740	8,679	31,483
126.1 Allowance for Doubtful Accounts - Tenants	(6,358)	(14,166)	(7,811)	(28,335)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	7,133	25,635		32,768
128.1 Allowance for Doubtful Accounts - Fraud	(6,420)	(23,072)		(29,492)
129 Accrued Interest Receivable	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>7,888</u>	<u>285,893</u>	<u>13,971</u>	<u>307,752</u>
131 Investments - Unrestricted	107,928	240,335	166,759	515,022
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	3,725	6,886	13,814	24,425
143 Inventories	28,350	101,442	26,367	156,159
143.1 Allowance for Obsolete Inventories	(8,505)	(30,322)	(7,910)	(46,737)
144 Inter Program Due From				
145 Assets Held for Sale	-	-	-	-
150 Total Current Assets	<u>1,442,456</u>	<u>4,852,501</u>	<u>1,554,382</u>	<u>7,849,339</u>
161 Land	295,882	2,605	295,883	594,370
162 Buildings	9,096,482	23,103,851	12,545,419	44,745,752
163 Furniture, Equipment & Machinery - Dwellings	79,852	166,864	120,244	366,960
164 Furniture, Equipment & Machinery - Administration	181,151	1,047,582	238,334	1,467,067
165 Leasehold Improvements	1,799,003	3,636,738	1,419,816	6,855,557
166 Accumulated Depreciation	(7,794,555)	(15,705,431)	(11,346,238)	(34,846,224)
167 Construction in Progress				
168 Infrastructure	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	<u>3,657,815</u>	<u>12,252,209</u>	<u>3,273,458</u>	<u>19,183,482</u>
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures	-	-	-	-
180 Total Non-Current Assets	<u>3,657,815</u>	<u>12,252,209</u>	<u>3,273,458</u>	<u>19,183,482</u>
190 Total Assets	<u>\$ 5,100,271</u>	<u>\$ 17,104,710</u>	<u>\$ 4,827,840</u>	<u>\$ 27,032,821</u>

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

Submission Type: Audited/A-133 Fiscal Year End: 03/31/2013

	IN012000001	IN012000003	IN012000004	Total
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	12,518	36,686	45,567	94,771
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	5,342	11,885	6,189	23,416
322 Accrued Compensated Absences - Current Portion	8,995	16,765	8,682	34,442
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	15,599	33,845	22,110	71,554
341 Tenant Security Deposits	41,311	77,128	72,192	190,631
342 Deferred Revenues	25,172	54,215	27,285	106,672
343 Current Portion of Long-term Debt - Capital	33,011	69,705	48,916	151,632
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities			25,541	25,541
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current	-	-	-	-
310 Total Current Liabilities	<u>141,948</u>	<u>300,229</u>	<u>256,482</u>	<u>698,659</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	233,585	501,942	351,013	1,086,540
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	15,652	35,180		50,832
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	<u>249,237</u>	<u>537,122</u>	<u>351,013</u>	<u>1,137,372</u>
300 Total Liabilities	<u>391,185</u>	<u>837,351</u>	<u>607,495</u>	<u>1,836,031</u>
508.1 Invested In Capital Assets, Net of Related Debt	3,391,219	11,680,562	2,873,529	17,945,310
511.1 Restricted Net Assets	8,822	307,296		316,118
512.1 Unrestricted Net Assets	<u>1,309,045</u>	<u>4,279,501</u>	<u>1,346,816</u>	<u>6,935,362</u>
513 Total Equity/Net Assets	<u>4,709,086</u>	<u>16,267,359</u>	<u>4,220,345</u>	<u>25,196,790</u>
600 Total Liabilities and Equity/Net Assets	\$ <u>5,100,271</u>	\$ <u>17,104,710</u>	\$ <u>4,827,840</u>	\$ <u>27,032,821</u>

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

	Submission Type:			Fiscal Year End: 03/31/2013
	Audited/A-133	IN012000001	IN012000003	
70300 Net Tenant Rental Revenue	\$ 422,910	\$ 671,588	\$ 882,974	\$ 1,977,472
70400 Tenant Revenue - Other	-	68,656	-	68,656
70500 Total Tenant Revenue	422,910	740,244	882,974	2,046,128
70600 HUD PHA Operating Grants	849,790	2,420,786	1,236,396	4,506,972
70610 Capital Grants	650	413,820		414,470
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	6,575	17,856	8,890	33,321
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	9,902	48,762		58,664
71500 Other Revenue	28,945	196,836	94,442	320,223
71600 Gain or Loss on Sale of Capital Assets	(725)	(2,476)	(4,793)	(7,994)
72000 Investment Income - Restricted	-	-	-	-
70000 Total Revenue	1,318,047	3,835,828	2,217,909	7,371,784
91100 Administrative Salaries	60,322	145,251	97,595	303,168
91200 Auditing Fees	5,365	11,642	13,915	30,922
91300 Management Fee	162,316	347,055	515,280	1,024,651
91310 Book-keeping Fee	21,075	45,060	30,150	96,285
91400 Advertising and Marketing	310	1,352	440	2,102
91500 Employee Benefit contributions - Administrative	21,296	57,024	36,991	115,311
91600 Office Expenses	30,803	71,367	190,305	292,475
91700 Legal Expense	8,397	47,368	2,925	58,690
91800 Travel	3,520	4,972	3,972	12,464
91810 Allocated Overhead				
91900 Other	1,358	-	-	1,358
91000 Total Operating - Administrative	314,762	731,091	891,573	1,937,426
92000 Asset Management Fee	28,320	61,320	40,200	129,840
92100 Tenant Services - Salaries	9,830	21,328	13,934	45,092
92200 Relocation Costs		1,400		1,400
92300 Employee Benefit Contributions - Tenant Services	2,933	6,824	4,378	14,135
92400 Tenant Services - Other	13,975	37,233	10,340	61,548
92500 Total Tenant Services	26,738	66,785	28,652	122,175
93100 Water	41,103	103,889	23,242	168,234
93200 Electricity	10,585	58,655	369,081	438,321
93300 Gas	88,376	138,829	19,050	246,255
93400 Fuel				
93500 Labor				
93600 Sewer	95,861	240,778	46,072	382,711
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	8,607	13,559	4,242	26,408
93000 Total Utilities	244,532	555,710	461,687	1,261,929
94100 Ordinary Maintenance and Operations - Labor	135,001	335,886	141,056	611,943
94200 Ordinary Maintenance and Operations - Materials and	68,682	190,137	55,969	314,788
94300 Ordinary Maintenance and Operations Contracts	133,687	362,872	158,136	654,695
94500 Employee Benefit Contributions - Ordinary Maintenance	48,056	129,313	52,257	229,626
94000 Total Maintenance	385,426	1,018,208	407,418	1,811,052
95100 Protective Services - Labor	6,883	14,934	9,756	31,573
95200 Protective Services - Other Contract Costs	20,210	89,678	64,851	174,739

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

	Submission Type:		Fiscal Year End:		
	Audited/A-133	IN012000001	IN012000003	IN012000004	03/31/2013
		IN012000001	IN012000003	IN012000004	Total
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	2,369		5,691	3,548	11,608
95000 Total Protective Services	<u>29,462</u>		<u>110,303</u>	<u>78,155</u>	<u>217,920</u>
96110 Property Insurance	40,395		88,332	56,764	185,491
96120 Liability Insurance	32,937		71,390	49,150	153,477
96130 Workmen's Compensation	3,345		8,923	4,751	17,019
96140 All Other Insurance	-		-	-	-
96100 Total insurance Premiums	<u>76,677</u>		<u>168,645</u>	<u>110,665</u>	<u>355,987</u>
96200 Other General Expenses	12,098		28,018	18,289	58,405
96210 Compensated Absences	23,118		48,719	27,499	99,336
96300 Payments in Lieu of Taxes	15,599		33,845	22,110	71,554
96400 Bad debt - Tenant Rents	15,113		139,110	7,022	161,245
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense	-		-	-	-
96000 Total Other General Expenses	<u>65,928</u>		<u>249,692</u>	<u>74,920</u>	<u>390,540</u>
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	14,277		30,148	21,157	65,582
96730 Amortization of Bond Issue Costs	-		-	-	-
96700 Total Interest Expense and Amortization Cost	<u>14,277</u>		<u>30,148</u>	<u>21,157</u>	<u>65,582</u>
96900 Total Operating Expenses	<u>1,186,122</u>		<u>2,991,902</u>	<u>2,114,427</u>	<u>6,292,451</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>131,925</u>		<u>843,926</u>	<u>103,482</u>	<u>1,079,333</u>
97100 Extraordinary Maintenance	39,884		79,348	67,916	187,148
97200 Casualty Losses - Non-capitalized			2,000		2,000
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	352,668		896,160	424,155	1,672,983
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	-		-	-	-
90000 Total Expenses	<u>1,578,674</u>		<u>3,969,410</u>	<u>2,606,498</u>	<u>8,154,582</u>
10010 Operating Transfer In	634		423,118	9,822	433,574
10020 Operating transfer Out	(634)		(403,474)		(404,108)
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In				32,613	32,613
10092 Inter Project Excess Cash Transfer Out			(32,613)		(32,613)
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	-		(12,969)	42,435	29,466
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(260,627)		(146,551)	(346,154)	(753,332)
11020 Required Annual Debt Principal Payments	31,410		69,705	48,916	150,031
11030 Beginning Equity	4,969,713		16,413,910	4,566,499	25,950,122
11040 Prior Period Adjustments, Equity Transfers and Correction			-		-
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					

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: 03/31/2013

	IN012000001	IN012000003	IN012000004	Total
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	2,832	6,132	4,020	12,984
11210 Number of Unit Months Leased	2,810	6,008	4,020	12,838
11270 Excess Cash	1,155,279	3,889,053	1,127,434	6,171,766
11610 Land Purchases	-	-	-	-
11620 Building Purchases	650	413,820	-	414,470
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-