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November 3, 2016

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

We have reviewed the audit report prepared by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Evansville, as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to Federal Awards Program Audit Finding and Questioned Cost 2015-001 Section 8 Housing Choice Vouchers CFDA 14.871 in the report in the Schedule of Findings and Questioned Costs. This finding reports noncompliance and a material weakness in the eligibility and special tests compliance requirements and is reported in the Independent Auditor's Reports on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner



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

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2015

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the discretely presented component unit of The Housing Authority of the City of Evansville, Indiana as of and for the year ended December 31, 2015, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Vision 1505, L.P., which is the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Vision 1505, L.P., are based solely on the report of the other auditors. The financial statements of Vision 1505, L.P. were not audited in accordance with *Government Auditing Standards*. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (primary government) and the discretely presented component unit of The Housing Authority of the City of Evansville, Indiana as of December 31, 2015, and the respective changes in net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10 and the schedules of the authority's proportionate share of the net pension liability and of the authority's contributions on pages 33 and 34 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.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Housing Authority of the City of Evansville, Indiana's basic financial statements. The schedule of expenditures of federal awards on pages 37 to 38, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The financial data schedule on pages 47 to 76 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the Department of Housing and Urban Development, Office of the Inspector General, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or 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, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of The Housing Authority of the City of Evansville, Indiana'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 Housing Authority of the City of Evansville, Indiana's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 20, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

This section of The Housing Authority of the City of Evansville, Indiana's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial position, results of operations and cash flows during the fiscal year ended December 31, 2015. This analysis should be read in conjunction with the Independent Auditors' Report, financial statements and accompanying notes.

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

The Authority is a Public Housing Authority with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority, and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from the Department of Housing and Urban Development (HUD). The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has included as blended component units the activities for Advantix Development, Inc. and Lincoln Estates Redevelopment, Inc., both non-profit organizations, Lincoln Estates Redevelopment Partnership, L.P., a limited partnership, and ADCV1505, Inc., a for-profit corporation. Advantix Development, Inc., Lincoln Estates Redevelopment, Inc., Lincoln Estates Redevelopment Partnership, L.P., and ADCV1505, Inc. are shown as blended component units because the Authority has financial accountability and control over their boards of directors and management.

The Authority also has a discretely presented component unit, Vision 1505, L.P., which prepares separately issued financial statements. The Authority is responsible for their debts and is entitled to surpluses.

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

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

Financial Statements

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

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

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2015

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

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

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

Financial Highlights

The Authority adopted GASB No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68) and GASB No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68* (GASB No. 71). GASB No. 68, subsequently amended by GASB No. 71, requires the Authority to measure and recognize assets and liabilities, deferred outflows and inflows, and expenses for the pension obligation as a participating employer in the Indiana Public Retirement System (INPRS). The adoption of GASB No. 68 resulted in a restatement of net position as of December 31, 2014, resulting in a decrease of net position of \$1,427,239 from balances previously reported, comprised of a noncurrent net pension liability of \$1,232,760, a reduction of other liabilities of \$141,104, deferred outflows of resources of \$89,325, and deferred inflows of resources of \$424,908 related to the pension. At December 31, 2015, the Authority had a net pension liability of \$1,590,468, deferred outflows of resources of \$565,453, and deferred inflows of resources of \$468,163 related to the pension.

The following is a reconciliation of net position at December 31, 2014:

Net position at December 31, 2014, as previously reported	\$20,717,616
Decrease in net position due to adoption of GASB No. 68	<u>(1,427,239)</u>
Net Position at December 31, 2014, as Restated	<u>\$19,290,377</u>

The following is a reconciliation of operating income for 2014:

Operating loss for 2014, as previously reported	\$(2,056,982)
Increase in net position due to adoption of GASB No. 68	<u>135,699</u>
Operating Loss for 2014, as Restated	<u>\$(1,921,283)</u>

Effective July 2015, the other partners in Lincoln Estates Redevelopment Partnership, L.P. assigned their interests in the partnership to the Authority providing the Authority with financial accountability and control over its board of directors and management. As a result, the 2015 financial statements include the accounts of Lincoln Estates Redevelopment Partnership, L.P. as a blended component unit. The 2014 financial information included in the management's discussion and analysis has also been updated to include the accounts of Lincoln Estates Redevelopment Partnership, L.P. for consistency and comparability.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2015

The Authority's most significant financial highlights consist of the following:

- The Authority's net position decreased by approximately \$1.9 million during 2015 and decreased approximately \$1.8 million during 2014. Operating loss improvements were offset by increased nonoperating losses.
- Operating revenues increased by approximately \$1.1 million from 2014 to 2015 and were approximately \$15.0 million for 2015 and \$13.9 million for 2014.
- The total operating expenses for Authority programs decreased by approximately \$93 thousand from 2014 to 2015. Total operating expenses were approximately \$15.7 million for 2015 and \$15.8 million for 2014.
- Net nonoperating income (expense) and capital grants for the Authority decreased by approximately \$1.3 million from 2014 to 2015 driven by the impairment of capital assets of approximately \$2.4 million offset by the gain on forgiveness of debt of approximately \$1.1 million. Total net nonoperating income (expense) and capital grants was approximately a \$1.2 million loss for 2015 and a \$78 thousand gain for 2014.

The Authority has several programs that are consolidated into a single enterprise fund. The main programs consist of the following:

Low Rent Public Housing Program

This program is operated under HUD's Annual Contribution Contract (ACC) and consists of the operations of the low-rent public housing properties totaling 888 units. The purpose of this program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. Funding for the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition). The Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 1,936 housing units. The purpose of the program is to provide decent affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

Net Position

The following table is a condensed summary of net position of the business-type activities at December 31, 2015 and 2014:

	2015	2014	\$ Change	% Change
Assets				
Current assets	\$ 4,100,582	\$ 3,195,134	\$ 905,448	28.3%
Capital assets, net	18,887,998	22,728,895	(3,840,897)	(16.9%)
Other assets	<u>69,759</u>	<u>39,840</u>	<u>29,919</u>	<u>75.1%</u>
Total assets	<u>\$23,058,339</u>	<u>\$25,963,869</u>	<u>\$(2,905,530)</u>	<u>(11.2%)</u>

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2015

	2015	2014	\$ Change	% Change
Deferred Outflows of Resources				
Deferred pension costs	<u>\$ 565,453</u>	<u>\$ 89,325</u>	<u>\$ 476,128</u>	<u>533.0%</u>
Liabilities				
Current liabilities	\$ 3,135,280	\$ 1,291,337	\$ 1,843,943	142.8%
Noncurrent liabilities	<u>2,585,722</u>	<u>5,046,572</u>	<u>(2,460,850)</u>	<u>(48.8%)</u>
Total liabilities	<u>\$ 5,721,002</u>	<u>\$ 6,337,909</u>	<u>\$ (616,907)</u>	<u>(9.7%)</u>
Deferred Inflows of Resources				
Deferred pension revenue	<u>\$ 468,163</u>	<u>\$ 424,908</u>	<u>\$ 43,255</u>	<u>10.2%</u>
Net Position				
Net investment in capital assets	\$16,237,573	\$18,835,591	\$(2,598,018)	(13.8%)
Restricted	1,742	28,633	(26,891)	(93.9%)
Unrestricted	<u>1,195,312</u>	<u>426,153</u>	<u>769,159</u>	<u>180.5%</u>
Total net position	<u>\$17,434,627</u>	<u>\$19,290,377</u>	<u>\$(1,855,750)</u>	<u>(9.6%)</u>

Major Factors Affecting the Statement of Net Position

Total assets of the Authority as of December 31, 2015 and 2014 amounted to \$23,058,339 and \$25,963,869, respectively. Current assets primarily consist of cash and prepaid expense and other current assets. Non-current assets primarily consist of capital assets. Capital assets primarily include land, buildings and improvements, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The principal change in assets from December 31, 2014 to December 31, 2015 was a decrease in capital assets due to depreciation and impairment.

Total liabilities of the Authority are \$5,721,002 and \$6,337,909 as of December 31, 2015 and 2014, respectively. Current liabilities primarily include accounts payable and accrued expenses. Noncurrent liabilities primarily include accrued pension obligation and mortgage and other notes payable, net of current portion. Noncurrent liabilities have decreased by \$2,460,850 primarily due to a decrease in mortgage and other notes payable of \$2,927,774 further discussed in the Long-Term Debt section, offset by an increase of \$357,708 in the accrued pension obligation from changes in actuarial calculations.

Deferred outflows of resources are \$565,453 and \$89,325 as of December 31, 2015 and 2014, respectively. Deferred inflows of resources are \$468,163 and \$424,908 as of December 31, 2015 and 2014, respectively. Deferred outflows and inflows of resources are related to the pension obligation and are being amortized into pension expense over the average expected remaining service life, except for the difference between expected and actual investment earnings, which is amortized over five years.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

Net position represents the Authority's equity, a portion of which is restricted for certain use. Net position is divided into three major categories. The first category, net investment in capital assets shows the Authority's equity in land, buildings and improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category, restricted, is reserved for the programs mandated by HUD. The last category, unrestricted, is available to use for any lawful and prudent purpose of the Authority. The decrease in net position is due to operating and nonoperating losses during 2015.

Revenues, Expenses and Changes in Net Position

The following table is a condensed summary of revenues, expenses and changes in net position for the years ended December 31, 2015 and 2014.

	2015	2014	\$ Change	% Change
Operating Revenues				
Tenant revenue	\$ 2,863,727	\$ 3,031,408	\$ (167,681)	(5.5%)
HUD PHA operating grants	11,756,313	10,647,469	1,108,844	10.4%
Other government grants	120,000		120,000	100.0%
Fraud recovery income	11,730	25,118	(13,388)	(53.3%)
Other revenue	<u>275,662</u>	<u>171,168</u>	<u>104,494</u>	<u>(61.0%)</u>
Total operating revenues	<u>\$15,027,432</u>	<u>\$13,875,163</u>	<u>\$1,152,269</u>	<u>8.3%</u>
Operating Expenses				
Administration	\$ 2,188,062	\$ 2,104,526	\$ 83,536	4.0%
Tenant services	26,802	31,253	(4,451)	(14.2%)
Housing assistance payments	8,290,171	7,770,523	519,648	6.7%
Utilities	1,175,291	1,175,731	(440)	0.0%
Ordinary maintenance and operations	1,330,388	1,692,155	(361,767)	(21.4%)
Insurance	229,842	255,600	(25,758)	(10.1%)
Other general expenses	672,110	856,078	(183,968)	(21.5%)
Depreciation expense	<u>1,790,882</u>	<u>1,910,580</u>	<u>(119,698)</u>	<u>(6.3%)</u>
Total operating expenses	<u>15,703,548</u>	<u>15,796,446</u>	<u>(92,898)</u>	<u>(0.6%)</u>
Operating loss	(676,116)	(1,921,283)	1,245,167	64.8%
Nonoperating expense, net	(1,382,643)	(166,558)	(1,216,085)	730.1%
Capital grants - hard costs	<u>203,009</u>	<u>244,648</u>	<u>(41,639)</u>	<u>(17.0%)</u>
Change in net position	<u>\$ (1,855,750)</u>	<u>\$ (1,843,193)</u>	<u>\$ (12,557)</u>	<u>0.7%</u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

During 2015, the Authority's operating loss was approximately \$677 thousand. Net nonoperating expense and capital grants resulted in approximately \$1.2 million in losses which primarily consisted of a loss on impairment of capital assets further discussed in the Capital Assets section and a gain on debt forgiveness further discussed in the Long-Term Debt section.

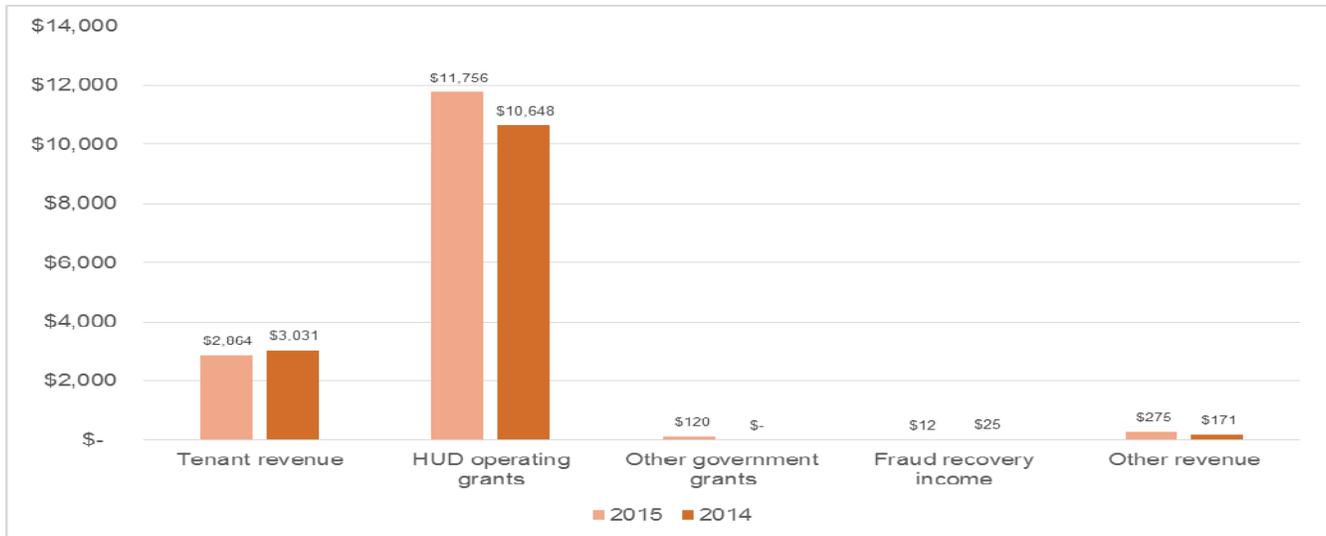
THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

During 2014, the Authority’s operating loss was approximately \$1.9 million. Net nonoperating expense and capital grants resulted in approximately \$78 thousand in income.

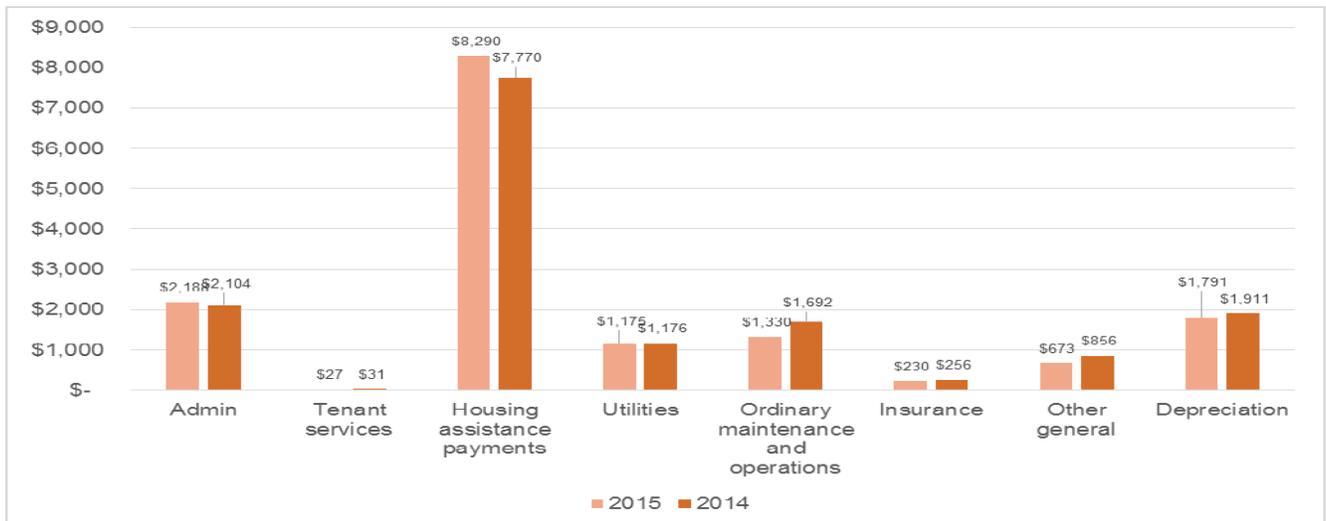
As seen in the charts below, the most important factors affecting the change in the Authority’s operating loss in 2015 were the increase in HUD operating grants partially offset by the associated increase in housing assistance payments and decreases in ordinary maintenance and operations, depreciation, and other general expenses in 2015 compared to 2014.

Operating revenue and expenses are shown in detail in the charts below:

Operating Revenue – 2015 and 2014 (Dollars in Thousands)



Operating Expenses – 2015 and 2014 (Dollars in Thousands)



THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

Capital Assets

As of December 31, 2015 and 2014, the Authority had approximately \$18.9 and \$22.7 million, respectively, invested in a variety of capital assets as reflected in the following table:

	2015	2014
Land	\$ 1,853,998	\$ 1,856,880
Buildings and improvements	54,257,542	56,324,267
Furniture, equipment and machinery	2,856,549	3,084,817
Construction in progress		6,024
Accumulated depreciation	<u>(40,080,091)</u>	<u>(38,543,092)</u>
Capital assets, net	<u>\$ 18,887,998</u>	<u>\$ 22,728,896</u>

In 2015, the Authority had capital expenditures of approximately \$370 thousand while recognizing depreciation expense of approximately \$1.8 million and disposing of equipment with a net book value of \$2 thousand. Further in 2015, the Authority recognized an impairment loss of approximately \$2.4 million related to the Lincoln Estates tenant housing property.

In 2014, the Authority had capital expenditures of approximately \$299 thousand while recognizing depreciation expense of approximately \$1.8 million and disposing of equipment with a net book value of \$7 thousand.

See Note 4 in the *Notes to Financial Statements* for additional disclosures regarding changes in capital assets during the year ended December 31, 2015.

Long-Term Debt

Long-term debt outstanding totaled \$2.7 million and \$3.9 million at December 31, 2015 and 2014, respectively. The decrease in long-term debt is due to principal payments of \$93 thousand and the gain on debt forgiveness of \$1.1 million during 2015. Upon obtaining full ownership and including Lincoln Estates Redevelopment Partnership, L.P., the Authority forgave the debt of Lincoln Estates Redevelopment Partnership, L.P. which had already been fully reserved by the Authority in its allowance for doubtful accounts in a prior year. There were no additional borrowings in 2015. During 2015, the mortgage due to a bank on the Lincoln Estates Redevelopment Partnership, L.P. facilities was reclassified to current due to a foreclosure notice from the bank due to lack of payment.

Requests of Information

This financial report is designed to provide a general overview of the Authority's finances and resources. Questions concerning any of this information should be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

Requests for full financial information of the discretely presented component unit should also be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

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

BASIC FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**STATEMENT OF NET POSITION
December 31, 2015**

	Primary Government	Discretely Presented Component Unit Vision LP
CURRENT ASSETS		
Cash	\$ 2,970,130	\$ 15,053
Restricted cash - escrow deposits and reserves	105,969	557,524
Restricted cash - tenant security deposits	107,199	
Accounts receivable - HUD	48,678	
Accounts receivable - tenants, net	62,930	4,532
Accounts receivable - other	34,140	
Prepaid expense and other current assets	771,536	44,991
Total Current Assets	<u>4,100,582</u>	<u>622,100</u>
NONCURRENT ASSETS		
Capital assets, at cost, less accumulated depreciation	18,887,998	6,708,465
Other assets	69,759	43,391
Total Noncurrent Assets	<u>18,957,757</u>	<u>6,751,856</u>
TOTAL ASSETS	<u>23,058,339</u>	<u>7,373,956</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension costs	<u>565,453</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 257,703	\$ 65,629
Tenant security deposits	136,240	
Unearned revenue	49,842	436
Accrued compensated absences - current portion	108,282	
Accrued wages and payroll taxes	205,056	
Accrued expenses and other current liabilities	599,889	73,559
Current portion of long-term debt	1,778,268	7,826
Total Current Liabilities	<u>3,135,280</u>	<u>147,450</u>
NONCURRENT LIABILITIES		
Other liabilities	98,306	
Accrued compensated absences, net of current portion	24,791	
Accrued pension obligation	1,590,468	
IHCDA Development Fund Loan		492,174
Mortgage and other notes payable, net of current portion	872,157	589,766
Total Noncurrent Liabilities	<u>2,585,722</u>	<u>1,081,940</u>
TOTAL LIABILITIES	<u>5,721,002</u>	<u>1,229,390</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension revenue	<u>468,163</u>	
NET POSITION		
Net investment in capital assets	16,237,573	5,618,699
Restricted	1,742	
Unrestricted	1,195,312	525,867
TOTAL NET POSITION	<u>\$17,434,627</u>	<u>\$6,144,566</u>

See accompanying notes.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2015

	Primary Government	Discretely Presented Component Unit Vision LP
OPERATING REVENUES		
Tenant revenue	\$ 2,863,727	\$ 253,000
HUD PHA operating grants	11,756,313	
Other government grants	120,000	
Fraud recovery income	11,730	
Other revenue	275,662	
Total Operating Revenues	15,027,432	253,000
OPERATING EXPENSES		
Administration	2,188,062	80,310
Tenant services	26,802	
Housing assistance payments	8,290,171	
Utilities	1,175,291	93,957
Ordinary maintenance and operations	1,330,388	81,044
Insurance	229,842	25,678
Other general expenses	672,110	24,101
Depreciation expense	1,790,882	227,861
Total Operating Expenses	15,703,548	532,951
Operating Loss	(676,116)	(279,951)
NONOPERATING INCOME (EXPENSE)		
Investment income - unrestricted	763	125
Loss on impairment of capital assets	(2,418,621)	
Interest expense	(167,589)	(18,616)
Gain on sale of capital assets	53,297	
Gain on forgiveness of debt	1,149,507	
Total Nonoperating Income (Expense)	(1,382,643)	(18,491)
Change in net position before capital grants	(2,058,759)	(298,442)
Capital grants - hard costs	203,009	
Change in net position before repayment of subscriptions receivable	(1,855,750)	(298,442)
Repayment of subscriptions receivable		877,992
INCREASE (DECREASE) IN NET POSITION	(1,855,750)	579,550
NET POSITION		
Beginning of Year, Restated	19,290,377	5,565,016
End of Year	\$ 17,434,627	\$ 6,144,566

See accompanying notes.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**STATEMENT OF CASH FLOWS
Year Ended December 31, 2015**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from dwelling rent	\$ 2,897,653
Cash received from HUD grants	11,742,791
Cash received from other governmental grants	120,000
Cash received from other sources	255,822
Cash payments to employees for services	(1,859,456)
Cash payments for employee benefits	(535,489)
Cash payments to participants in the Housing Choice Voucher Program	(8,290,171)
Cash payments to other suppliers for goods and services	<u>(3,788,024)</u>
Net Cash Provided by Operating Activities	<u>543,126</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(370,309)
Proceeds from sale of capital assets	55,000
Repayment of loan payable	(93,372)
Capital grants received	<u>229,044</u>
Net Cash Used by Capital and Related Financing Activities	<u>(179,637)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net redemptions of certificates of deposit	14,991
Interest received	<u>763</u>
Net Cash Provided by Investing Activities	<u>15,754</u>
INCREASE IN CASH	379,243
CASH	
Beginning of Year	<u>2,804,055</u>
End of Year	<u><u>\$ 3,183,298</u></u>
CASH	
Cash	\$ 2,970,130
Restricted cash - escrow deposits and reserves	105,969
Restricted cash - tenant security deposits	<u>107,199</u>
TOTAL CASH AND EQUIVALENTS	<u><u>\$ 3,183,298</u></u>

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended December 31, 2015

**Reconciliation of Decrease in Net Position to Net Cash Provided by
Operating Activities:**

Decrease in net position	\$ (1,855,750)
Depreciation expense	1,790,882
Capital grants revenue	(203,009)
Gain on sale of capital assets	(53,297)
Loss on impairment of capital assets	2,418,621
Gain on forgiveness of debt	(1,149,507)
Interest revenue	(763)
Increase in allowance for doubtful accounts - tenants receivable	(5,870)
Changes in certain current assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable - HUD	(13,522)
Accounts receivable - tenants	3,923
Accounts receivable - other	(31,570)
Prepaid expenses and other current assets	(520,192)
Other assets	(29,919)
Deferred pension costs	(476,128)
Accounts payable	29,956
Unearned revenue	35,873
Other liabilities	202,435
Accrued pension obligation	357,708
Deferred pension revenue	43,255
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 543,126</u></u>

See accompanying notes.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Housing Authority of the City of Evansville, Indiana (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 are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations: The Authority, a governmental entity, is organized under the laws of the State of Indiana (State) for the purpose of engaging in the development and administration of low-rent housing programs. The Authority owns and operates 888 public housing units and administers 1,936 Section 8 vouchers, under an Annual Contributions Contract (ACC) in Evansville, Indiana.

The Authority's activities include the following programs:

Low Rent Public Housing Program – This program is operated under HUD's ACC and consists of the operations of the low-rent public housing properties totaling 888 units. The purpose of this program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. Funding for the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition). The Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority provides rental housing assistance subsidies in support of 1,680 housing units. The purpose of the program is to provide decent affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

Reporting Entity: The Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The 7-member Board of Commissioners of the Authority is appointed to 4 year staggering terms by the Mayor of the City of Evansville, but the Authority designates its own management. The City of Evansville is not financially accountable for the Authority as it cannot impose its will on the Authority, and there is no potential for the Authority to provide financial benefits to, or impose financial burdens on the City of Evansville. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Evansville.

The Authority has included as blended component units the activities for Advantix Development, Inc. and Lincoln Estates Redevelopment, Inc., both non-profit organizations, Lincoln Estates Redevelopment Partnership, L.P., a limited partnership, and ADCV1505, Inc., a for-profit corporation. Advantix Development, Inc., Lincoln Estates Redevelopment, Inc., Lincoln Estates Redevelopment Partnership, L.P., and ADCV1505, Inc. are shown as blended component units because the Authority has financial accountability and control over their boards of directors and management.

Lincoln Estates Redevelopment, Inc. and Lincoln Estates Redevelopment Partnership, L.P. are wholly-owned subsidiaries of Advantix Development, Inc. ADCV1505, Inc. has 1,000 shares of common stock, 490 shares owned by Advantix Development, Inc. and 510 shares owned by the Authority.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective July 2015, the other partners in Lincoln Estates Redevelopment Partnership, L.P. assigned their interests in the partnership to the Authority providing the Authority with financial accountability and control over its board of directors and management. As a result, the 2015 financial statements include the accounts of Lincoln Estates Redevelopment Partnership, L.P. as a blended component unit.

Advantix Development, Inc. established and wholly owns EHA RAD ONE, LLC. EHA RAD ONE, LLC is the general partner in EHA RAD I, LP (RAD I) and EHA RAD II, LP (RAD II). These entities were established to allow the Authority to participate in the rental assistance demonstration program as discussed in Note 11. None of these subsidiaries of Advantix Development, Inc. had any activities during 2015.

The Authority has included, as a discretely presented component unit, the activity for Vision 1505, L.P. (Vision LP). Vision LP is shown as a discretely presented component unit because the Authority is financially accountable for it; however, they do not have full ownership over the entity. ADC V1505, Inc. (which is included as a blended component of the Authority) has a .001% general partner interest in Vision LP. Vision LP operates a 32 unit, residential supportive apartment project known as Vision 1505 located in Evansville, Indiana.

Requests for full financial information of Vision LP (the Discretely Presented Component Unit) should be addressed to The Housing Authority of the City of Evansville, Indiana, 402 Court Street, Suite B, Evansville, Indiana, 47708.

Basis of Presentation: The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Authority accounts for all of its activity as a proprietary fund which includes business-type activities that are financed in whole or in part by fees charged to external parties.

Estimates: The preparation of financial statements in accordance 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

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

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncement: The Authority adopted GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* during 2015. The statements require the Authority to measure and recognize assets and liabilities, deferred outflows and inflows, and expenses for the pension obligation as a participating employer in the Indiana Public Retirement System (INPRS). The adoption of the statement resulted in a restatement of net position as of December 31, 2014, resulting in a decrease of net position of \$1,427,239 from balances previously reported, comprised of a noncurrent net pension liability of \$1,232,760, a reduction of other liabilities of \$141,104, deferred outflows of resources of \$89,325, and deferred inflows of resources of \$424,908 related to the pension.

The following is a reconciliation of net position at December 31, 2014:

Net position at December 31, 2014, as previously reported	\$20,717,616
Decrease in net position due to adoption of GASB No. 68	<u>(1,427,239)</u>
Net Position at December 31, 2014, as Restated	<u>\$19,290,377</u>

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

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

The Discretely Presented Component Unit recognizes net rent revenue in the period in which the rent is earned.

Accounts Receivable: Tenant accounts receivable consist of amounts invoiced to tenants for rents. The Authority provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and economic conditions. Delinquent accounts are written off based on management's review of the specific circumstances of each tenant. As of December 31, 2015, the allowance for doubtful accounts totaled \$30,600. In addition, other accounts receivable consist of amounts due from HUD for reimbursements due under grants.

Capital Assets: Capital assets are recorded at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments are capitalized. The Authority capitalizes capital asset purchases over \$500. 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.

Capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10-39 years
Furniture, equipment and machinery	5-7 years

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority evaluates prominent events or changes in circumstances affecting capital assets to determine when impairment of a capital asset has occurred. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage are generally measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. See Note 4 for discussion of an impairment loss recognized in 2015.

Deferred Outflows of Resources: The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its Statement of Net Position.

Deferred Inflows of Resources: The Authority's Statement of Net Position reports a separate section for deferred inflows of resources, which reflects an increase in net assets that applies to future periods.

Pension Plan: The employees of the Authority participate in the Indiana Public Retirement System (INPRS). The Authority recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense. Deferred outflows and inflows represent changes in the Authority's allocated proportion from the previous year; differences between the Authority's contributions to the Plan and its proportionate share, actual Plan investment earnings and expected amounts, and expected and actual experience on the Plan included in determining pension expense; and the impact of changes in assumptions on the net pension liability, all of which are being amortized into pension expense over the average expected remaining service life, ranging from 3.39 to 4.50 years, except for the difference between expected and actual investment earnings, which is amortized over five years. Deferred outflows of resources also includes contributions made to the Plan between the Plan's measurement date for the net pension liability and the end of the Authority's fiscal year.

Compensated Absences: Compensated absences are those for which employees will be paid, such as vacation. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside of the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Net Position: The Authority classifies net position for accounting and financial reporting purposes in the following net position categories:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Use of Restricted and Unrestricted Resources: When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 1 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Contributions: Vision LP's limited partner made capital contributions totaling \$7,155,588 at various times, as specified in the partnership agreement. The general partner and special limited partners A and B are to make an initial capital contribution of \$100 each, of which \$100 is outstanding at December 31, 2015.

Property Taxes: The Authority and the Discretely Presented Component Unit expense real estate and personal property taxes in the year of lien on the property. Property tax expense for 2015 was \$97,743 for the Authority and \$20,101 for Vision LP. With the exception of the for-profit subsidiaries, the Authority is exempt from state and local property taxes.

Payments in Lieu of Taxes: Pursuant to an agreement with Vanderburgh County, the Authority may make payments in lieu of taxes (PILOT). During 2015, the Authority made \$116,527 of payments in lieu of taxes to the Office of the Vanderburgh County Treasurer.

Primary Government Income Taxes: Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170(c)(1) of the Internal Revenue Code of 1986, as amended.

Discretely Presented Component Unit's Income Taxes: No provision for federal or state income taxes has been made in the Discretely Presented Component Unit's financial statements as the federal and state income tax effect on the Discretely Presented Component Unit's activities accrues to its partners.

Subsequent Events: The Authority has evaluated the financial statements for subsequent events occurring through September 20, 2016, the date the financial statements were available to be issued. See Notes 4, 7 and 11.

NOTE 2 - CASH DEPOSITS

During the year ended December 31, 2015, the Authority held cash deposits with several financial institutions.

Custodial Credit Risk: Custodial credit risk is the risk that the Authority will not be able to recover the value of its deposits that are in the possession of an outside party if the counterparty fails. Cash is exposed to risk if it is not covered by depository insurance in the pledging financial institution. The Federal Deposit Insurance Corporation (FDIC) generally insures deposits up to \$250,000 per bank. In addition, the State of Indiana's Public Deposit Insurance Fund (PDIF) insures public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance. At December 31, 2015, all of the Authority's cash was insured by FDIC or PDIF.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect fair value of a deposit. All of the Authority's cash deposits are denominated in United States currency.

Discretely Presented Component Unit Deposits – As of December 31, 2015, Vision LP's carrying amount of deposits was \$15,053. The bank balances held with financial institutions are entirely insured and are classified as cash or restricted cash on the statement of net position.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 2 - CASH DEPOSITS (CONTINUED)

Restricted Deposits – Regulations of HUD require that security deposits be segregated from general funds of the Authority. Accordingly, the Authority holds all security deposits in a separate interest-bearing account. At December 31, 2015, amounts held by the Authority for security deposits totaled \$107,199.

Pursuant to various agreements, the Authority must hold amounts in escrow for restricted use. At December 31, 2015, amounts held by the Authority in escrow totaled \$105,969.

Pursuant to various agreements, the Discretely Presented Component Unit must hold amounts in reserves for restricted use. The following is a summary of activity in the reserve accounts for the year ended December 31, 2015:

	Operating Reserve	Exp. Coverage Reserve	Subsidy Reserve	Replacement Reserve	Total
Balance – January 1, 2015				\$ 27,224	\$ 27,224
Additions	\$100,034	\$200,000	\$250,086	9,604	559,724
Withdrawals	<u> </u>	<u> </u>	<u> </u>	<u>(29,424)</u>	<u>(29,424)</u>
Balance – December 31, 2015	<u>\$100,034</u>	<u>\$200,000</u>	<u>\$250,086</u>	<u>\$ 7,404</u>	<u>\$557,524</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the Authority's capital assets for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Disposals / Impairment	Transfers	Balance at December 31, 2015
Non-depreciable capital assets:					
Land	\$ 1,856,880	\$ -	\$ -	\$ (2,882)	\$ 1,853,998
Construction in progress	<u>6,024</u>	<u> </u>	<u> </u>	<u>(6,024)</u>	<u> </u>
Total Non-Depreciable Capital Assets	<u>1,862,904</u>	<u> </u>	<u> </u>	<u>(8,906)</u>	<u>1,853,998</u>
Depreciable capital assets:					
Buildings and improvements	56,324,268	341,229	(2,418,621)	10,666	54,257,542
Furniture, equipment and machinery	<u>3,084,815</u>	<u>29,080</u>	<u>(255,586)</u>	<u>(1,760)</u>	<u>2,856,549</u>
Total Depreciable Capital Assets	<u>59,409,083</u>	<u>370,309</u>	<u>(2,674,207)</u>	<u>8,906</u>	<u>57,114,091</u>
Total Accumulated Depreciation	<u>(38,543,092)</u>	<u>(1,790,882)</u>	<u>253,883</u>	<u> </u>	<u>(40,080,091)</u>
Total Depreciable Capital Assets, Net	<u>20,865,991</u>	<u>(1,420,573)</u>	<u>(2,420,324)</u>	<u>8,906</u>	<u>17,034,000</u>
Total Capital Assets, Net	<u>\$22,728,895</u>	<u>\$(1,420,573)</u>	<u>\$(2,420,324)</u>	<u>\$ -</u>	<u>\$18,887,998</u>

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

During 2015, the Authority an impairment loss of \$2,418,621 on the tenant rental property held and managed by Lincoln Estates Redevelopment Partnership, L.P. in order to adjust the fair value of the property based on the subsequent foreclosure on the property by its lender. The property with an adjusted net book value of \$2,023,441 at December 31, 2015, was forfeited in July 2016 through an auction sale held by the lender.

The following is a summary of changes in the capital assets of Vision LP for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Disposals / Disposals	Transfers	Balance at December 31, 2015
Non-depreciable capital assets:					
Land	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,000</u>
Total Non-Depreciable Capital Assets	<u>126,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>126,000</u>
Depreciable capital assets:					
Buildings and improvements	6,758,409				6,758,409
Furniture, equipment	<u>507,639</u>				<u>507,639</u>
Total Depreciable Capital Assets	<u>7,266,048</u>				<u>7,266,048</u>
Total Accumulated Depreciation	<u>(455,722)</u>	<u>(227,861)</u>			<u>(683,583)</u>
Total Depreciable Capital Assets, Net	<u>6,810,326</u>	<u>(227,861)</u>			<u>6,582,465</u>
Total Capital Assets, Net	<u>\$6,936,326</u>	<u>\$(227,861)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,708,465</u>

NOTE 5 - RETIREMENT PLAN

Plan Description

The Authority contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. This PERF ASA Only Plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

Retirement Benefits – Defined Benefit Pension

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups.

For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 5 - RETIREMENT PLAN (CONTINUED)

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2015; however, eligible members received a one-time check (a.k.a. 13th check) by October 2015.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2015
Liability valuation date and method:	June 30, 2014 – Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2014 to June 30, 2015.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date:	Computed April 2015 and reflects the experience period from July 1, 2011 to June 30, 2014
Investment rate of return:	6.75%
COLA:	1.0%
Future salary increases, including inflation:	2.50% - 4.25%
Inflation:	2.25%

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

	Target Allocation	Geometric Basis Long-term Expected Real Rate of Return
Private equity	10.0%	5.6%
Fixed income – Ex inflation-linked	22.0%	2.1%
Fixed income – Inflation-linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.5%	3.0%
Absolute return	10.0%	3.9%
Risk parity	10.0%	5.0%

Total pension liability for the Plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the Plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$2,346,077	\$1,590,468	\$963,175

Investment Valuation and Benefit Payment Policies

The pooled and non-pooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During fiscal year 2015, most participating employers were required to contribute 11.2 percent of covered payroll for members; however, the INPRS Board of Trustees limited the maximum increase in the contribution rate to 1.5 percent, and the Authority's 2014 rate was 9.5 percent. The Authority was therefore required to contribute a rate of 11 percent of covered payroll for members during the period of January 1 – December 31, 2015. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for the fiscal year ended June 30, 2015, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective July 1, 2014, the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 5 - RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Authority reported a liability of \$1,590,468 for its proportionate share of the net pension liability. The Authority' proportionate share of the net pension liability was based on the Authority' wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2015 measurement date was 0.0003905.

For the year ended December 31, 2015, the Authority recognized pension expense of \$121,697, which is net of income from the net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$129,556. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,270	\$ 3,289
Net differences between project and actual earnings on pension plan investments	268,172	149,579
Changes of assumptions	134,448	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u> </u>	<u>315,295</u>
Total that will be recognized in pension expense (income) based on table below	470,890	468,163
Pension contribution subsequent to measurement date	<u>94,563</u>	<u> </u>
Total	<u>\$565,453</u>	<u>\$468,163</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending December 31,	Amount
2016	\$ 65,694
2017	(28,869)
2018	(6,575)
2019	<u>67,040</u>
	<u>\$ 97,290</u>

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 6 - COMPENSATED ABSENCES

Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave is not vested and is not paid to an employee upon separation. Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. Sick leave is recorded as an expense as the employee utilizes it. A liability has been recorded for compensated absences totaling \$133,073 at December 31, 2015.

NOTE 7 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Primary Government

On November 23, 2011, the Authority entered into a financing agreement to purchase energy efficient equipment for \$1,079,391. Effective July 15, 2012, the Authority began making monthly payments of \$7,533, which include principal and interest. The loan bears interest at 4.70% annually and matures November 15, 2026. As of December 31, 2015, the loan balance was \$872,157. The loan is secured by the purchased equipment.

On February 8, 2002, the Lincoln Estates LP entered a note payable to its Class B Special Limited Partner. The note was originally due in monthly installments of principal and interest through February 8, 2022, at which time the remaining balance was due. The mortgage note had an original balance of \$2,060,000. On January 13, 2009, the terms of the note were modified. Effective March 8, 2009, monthly payments, including principal and interest of \$12,481 were required with a maturity date of October 8, 2036. The loan bore interest at 7.375% annually through February 8, 2011. On March 8, 2011, the lender at its option adjusted the interest rate to the prime rate plus 2.25%. During 2015, the note went into default after payments on the note ceased. The effective default rate as of December 31, 2015 was 8.75%. At December 31, 2015, the note had an outstanding balance of \$1,720,495. The note is secured by a first deed of trust on the rental property and an assignment of tenant rents. Effective November 2015, the lender filed for foreclosure on the property. In July 2016, the lender sold the property in an auction sale, completing the foreclosure.

On June 4, 1999, Lincoln Estates LP obtained a loan from the primary government, in the amount of \$567,800 and another loan from its original General Partner, in the amount of \$392,000. The loan from the original General Partner was assigned to the primary government in 2007. The loans were noninterest-bearing. Due to uncertainty of Lincoln Estates LP's ability to meet its obligation, the Authority fully reserved against the note in 2013. Upon obtaining full ownership of Lincoln Estates LP in 2015, the Authority forgave the outstanding debt as well as advanced funds resulting in the recognition of a gain on debt forgiveness of \$1,149,507.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements of the Authority as of December 31, 2015 are as follows:

Payable In	Principal	Interest
2016	\$1,778,268	\$170,548
2017	63,453	39,736
2018	69,750	36,618
2019	76,360	33,199
2020	82,531	29,469
2021-2025	479,033	83,374
2026	<u>101,030</u>	<u>2,390</u>
Total Requirements	<u>\$2,650,425</u>	<u>\$395,334</u>

	Balance at January 1, 2015	Additions/ Transfers	Retirements	Balance at December 31, 2015	Due within one year
Other liabilities - noncurrent	\$ -	\$ 98,306	\$ -	\$ 98,306	\$ -
Accrued compensated absences	123,349	9,725		133,073	108,282
Loan payable to bank	982,207		52,277	929,930	57,773
Mortgage payable to bank	1,761,590		41,095	1,720,495	1,720,495
Loans payable to primary government	959,800		959,800		
Advances due to primary government	<u>189,707</u>		<u>189,707</u>		
Total Long-term Obligations	<u>\$4,016,653</u>	<u>\$108,031</u>	<u>\$1,242,879</u>	<u>\$2,881,804</u>	<u>\$1,886,550</u>

Due to the nature of net pension liability, which cannot be classified into amounts due within one year and thereafter, the related balance is excluded from the above maturity table.

Discretely Presented Component Unit – Vision LP

In October 2011, Vision LP obtained a loan from the Indiana Housing and Community Development Authority (IHCDA), in the amount of \$500,000. The loan originally bore interest at 3% and required annual payments of \$25,510 beginning on September 1, 2014. However, the loan converted and was amended on December 18, 2014, prior to any required principal payments. Interest accrues at 4.167% per annum with an annual principal and interest payment of the lessor of \$29,504 or 100% of net cash flow, as defined. The loan matures on January 1, 2030. The loan is secured by a mortgage on certain real estate. At December 31, 2015, the note had an outstanding balance of \$500,000.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements of Vision LP as of December 31, 2015 are estimated as follows based on annual net cash flow:

Payable In	Principal	Interest
2016	\$ 7,826	\$ 18,964
2017	8,885	20,340
2018	9,263	19,963
2019	9,656	19,570
2020	10,066	19,160
2021-2025	57,119	89,009
2026-2030	<u>397,185</u>	<u>63,024</u>
Total Requirements	<u>\$500,000</u>	<u>\$250,030</u>

	Balance at January 1, 2015	Additions/ Transfers	Retirements	Balance at December 31, 2015	Due within one year
Loan payable to IHCDA	\$ 500,000	\$ -	\$ -	\$ 500,000	\$7,826
Other liabilities – noncurrent (see Note 10)	<u>917,758</u>	<u> </u>	<u>327,992</u>	<u>589,766</u>	<u> </u>
Total Long-term Obligations	<u>\$1,417,758</u>	<u>\$ </u>	<u>\$327,992</u>	<u>\$1,089,766</u>	<u>\$7,826</u>

NOTE 8 - CONCENTRATIONS

The Authority is substantially funded by federal awards. The Authority received 78% of its total revenue from a single Federal Agency during the year ended December 31, 2015. Management is in the process of implementing HUD’s Rental Assistance Demonstration Program for certain properties which will alter funding and delivery of services in future years.

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

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 9 - RISK MANAGEMENT AND CONTINGENCIES

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

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

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

Pursuant to the HUD Office of Inspector General audits conducted in 2002 and 2004, the Authority had an initial contingent repayment of \$1,518,517 to HUD which was subsequently reduced to \$835,482. The Authority and HUD agreed to negotiated terms for resolution of these audits that required the Authority to continue with its Homeownership Program. As long as the Authority maintained the Homeownership Program, HUD would not seek repayment of the amounts due from the audits and, over time as homes were sold, the contingent liability was reduced to zero. In March 2015, HUD fully released the Authority from this obligation.

Discretely Presented Component Unit – Vision LP

Operating Deficit Guaranty

Pursuant to Vision LP's operating deficit guaranty, upon reduction of the operating reserve to zero, the general partner, special limited partner B and the specified guarantors, are obligated to provide funds to Vision LP to cover operating deficits during the operating deficit guaranty period. The operating deficit guaranty period begins with the stabilization of operations and ends on the fifth anniversary of the stabilization date provided, however, that a minimum debt service coverage of 1.20 to 1.00 to be achieved for the 12 month period immediately preceding the expiration of the guaranty period and the operating reserve is fully funded. Advances are to be treated as non-interest bearing loans to Vision LP. No funds were advanced under this guaranty in 2015.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO FINANCIAL STATEMENTS December 31, 2015

NOTE 10 - RELATED PARTY INFORMATION

Discretely Presented Component Unit – Vision LP

City Real Estate Advisors, Inc. (CREA) is entitled to receive an annual asset management fee in the amount of \$4,000. The fee is payable out of an escrow deposit fund in the original amount of \$60,000 held by CREA. The balance in the escrow fund totaled \$43,000 at December 31, 2015.

The general partner is entitled to receive an annual incentive partnership management fee of 85% of remaining cash flow, not to exceed 12% of the gross revenues of the Partnership on a noncumulative basis. No fee was earned in 2015.

The Authority, its blended component unit Advantix Development, Inc., and Flaherty & Collins Development, LLC served as co-developers for the project. As compensation for their services, the developers are to receive \$1,200,000, which is to be paid at various times, as specified in the development agreement. If any developer fee remains outstanding as of December 31, 2027, the general partner is to make a capital contribution in the amount of the unpaid fee in order for Vision LP to pay the entire unpaid amount. As of December 31, 2015, \$589,766 remains unpaid.

NOTE 11 - RENTAL ASSISTANCE DEMONSTRATION PROGRAM

The Authority applied for participation in HUD's Rental Assistance Demonstration (the RAD) Program for some of its public housing properties, which was approved May 31, 2016. The RAD program was created to allow public housing authorities to leverage public and private debt and equity in order to provide financing to preserve and improve public housing properties. The Authority continues working closely with HUD throughout the process to ensure the requirements for participation are met. The conversion of the public housing properties includes selling the buildings to various partnerships established as part of this process, establishing a land lease owned by Advantix Development, Inc., and securing financing.

On May 31, 2016 RAD I secured external financing totaling approximately \$17,700,000 to acquire, renovate and operate four properties through the RAD program. The financing is to be funded through debt and equity investor contributions. Alliant Tax Credit Fund 83, Ltd., the Investor Limited Partner of RAD I, committed to contribute approximately \$11,300,000. Debt financing includes a mortgage note payable totaling \$5,022,700 from a private lender payable and insured by the Federal Housing Authority. The mortgage is expected to commence in January 2018 and will be payable in monthly installments of \$19,912, including interest computed at 3.65% and mortgage premium insurance computed at 0.45% through maturity in December 2057. In addition, debt financing includes two secondary mortgage notes payable totaling \$1,000,000 from the Indiana Housing and Community Development Authority. The mortgages will be finalized and funded at the conversion date, as defined (estimated as May 2018), and will be payable in annual installments of \$43,262 limited to surplus cash, as defined, accruing interest at 3.00% through maturity in November 2058, at which time all unpaid principal and interest is due. RAD I anticipates receiving approximately \$400,000 in Federal Energy Tax Credits which will also be used to fund the acquisition and renovation the properties. Financing during the construction period is being financed through two short-term construction loans from the City of Evansville, Indiana which will be converted into the term loans upon completion of the renovations. The City of Evansville, Indiana funded the loans through the issuance of bonds and the loans are secured by assignment of the assets and contracts of RAD I and guaranteed by Advantix Development, Inc. The construction loans allows for borrowings up to \$4,400,000 and matures at the earlier of the conversion date or May 2018. Draws against the loan bear interest at LIBOR plus 3% and require payment of interest in monthly installments through maturity.

NOTE 11 - RENTAL ASSISTANCE DEMONSTRATION PROGRAM (CONTINUED)

On May 31, 2016 RAD II secured financing totaling approximately \$6,600,000 to acquire, renovate and operate a property through the RAD program. The financing is to be funded through debt and equity investor contributions. Alliant Tax Credit Fund 83, Ltd., the Investor Limited Partner of RAD II, committed to contribute approximately \$3,800,000. Debt financing includes a mortgage note payable totaling \$2,319,400 from a private lender and insured by the Federal Housing Authority. The mortgage is expected to commence in September 2017 and will be payable in monthly installments of \$9,195, including interest computed at 3.80% and mortgage premium insurance computed at 0.45%, through maturity in December 2057. In addition, debt financing includes a \$500,000 secondary mortgage note payable from the Indiana Housing and Community Development Authority. The mortgage commenced in May 2016 and is payable in annual installments of \$21,631 limited to surplus cash, as defined, accruing interest at 3.00% through maturity in November 2058, at which time all unpaid principal and interest is due. Financing during the construction period is being financed through two short-term construction loans from the City of Evansville, Indiana which will be converted into the term loans upon completion of the renovations. The City of Evansville, Indiana funded the loans through the issuance of bonds and the loans are secured by assignment of the assets and contracts of RAD II and guaranteed by Advantix Development, Inc. The construction loans allows for borrowings up to \$1,200,000. Draws against the loan bear interest at LIBOR plus 3% and require payment of interest in monthly installments through the conversion date or November 2017.

As of the date of the audit report, HUD has not yet approved the closing on the conversion of the remaining public housing properties. However, the City of Evansville, Indiana has issued bonds to fund the additional construction loans for these housing properties totaling \$11,000,000. Management is projecting the closing on the conversion of the remaining public housing properties and related financing to occur during 2017.

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

REQUIRED SUPPLEMENTARY INFORMATION

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (UNAUDITED)**

**PUBLIC EMPLOYEE'S RETIREMENT FUND
Last 10 Fiscal Years***

	2015	2014	2013
Authority's proportion of the net position liability	0.03905%	0.04691%	0.05236%
Authority's proportionate share of the net pension liability	\$1,590,468	\$1,232,760	\$1,793,371
Authority's covered-employee payroll	\$1,870,301	\$2,290,295	\$2,514,014
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.0%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	77.3%	84.3%	78.8%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS (UNAUDITED)
PUBLIC EMPLOYEE'S RETIREMENT FUND
Last 10 Fiscal Years*

	2015	2014	2013
Contractually required contribution	\$ 191,630	\$ 198,731	\$ 181,661
Contributions in relation to the contractually required contribution	<u>\$ 191,630</u>	<u>\$ 198,731</u>	<u>\$ 181,661</u>
Contribution deficiency	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$1,870,301	\$2,290,295	\$2,514,014
Contributions as a percentage of covered-employee payroll	10.2%	8.7%	7.2%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB Statement No. 68 purposes.

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

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

*Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards*

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

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 business-type activities and the discretely presented component unit of The Housing Authority of the City of Evansville, Indiana, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 20, 2016. Our report includes a reference to other auditors who have audited the financial statements of Vision 1505, L.P., as described in our report on The Housing Authority of the City of Evansville, Indiana's financial statements. The financial statements of Vision 1505, L.P. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Housing Authority of the City of Evansville, Indiana'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Housing Authority of the City of Evansville, Indiana's internal control. Accordingly, we do not express an opinion on the effectiveness of The Housing Authority of the City of Evansville, Indiana'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Housing Authority of the City of Evansville, Indiana's financial statements are free 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katy, Sapper & Miller, LLP

Indianapolis, Indiana
September 20, 2016

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015**

Federal Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Awards:			
Public and Indian Housing	14.850		\$ 2,029,017
Section 8 Housing Choice Vouchers (a)	14.871		9,134,546
Public Housing Capital Fund	14.872		860,961
Family Self-Sufficiency Program	14.896		23,646
Passed through City of Evansville:			
Home Investment Partnerships Program	14.239	M-14-MC-18-0201	60,000
Passed through City of Evansville:			
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-18-0002	<u>60,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 12,168,170</u>

(a) The Authority's expenditures include \$8,290,171 of Housing Assistance Payments.

See accompanying notes to schedule of expenditures of federal awards.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended December 31, 2015

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Housing Authority of the City of Evansville, Indiana (the Authority), a governmental entity, under programs of the federal government for the year ended December 31, 2015. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* for federal awards made prior to December 26, 2014 and the Uniform Guidance for federal awards made on or subsequent to December 26, 2014, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

*Independent Auditors' Reports on Compliance
for Each Major Federal Program and on
Internal Control Over Compliance
Required by the Uniform Guidance*

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

Report on Compliance for Each Major Federal Program

We have audited The Housing Authority of the City of Evansville, Indiana's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of The Housing Authority of the City of Evansville, Indiana's major federal programs for the year ended December 31, 2015. The Housing Authority of the City of Evansville, Indiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Housing Authority of the City of Evansville, Indiana'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Housing Authority of the City of Evansville, Indiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Housing Authority of the City of Evansville, Indiana's compliance.

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 December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority of the City of Evansville, Indiana's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Evansville, Indiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of The Housing Authority of the City of Evansville, Indiana 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 Housing Authority of the City of Evansville, Indiana'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Housing Authority of the City of Evansville, Indiana's internal control over compliance.

A 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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a material weakness.

The Housing Authority of the City of Evansville, Indiana's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Evansville, Indiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 20, 2016

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued [*unmodified, qualified, adverse, or disclaimer*]: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported
- Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ✓ yes _____ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditors' report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ✓ yes _____ no

Identification of major programs:

CFDA Numbers	Name of Federal Program
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes _____ no

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended December 31, 2015

FINANCIAL STATEMENTS AUDIT FINDINGS

None

FEDERAL AWARDS PROGRAM AUDIT FINDINGS AND QUESTIONED COSTS

U.S. Department of Housing and Urban Development

2015-001 Section 8 Housing Choice Vouchers – CFDA #14.871

Material Weakness – Eligibility and Special Tests

Criteria: HUD requires that tenant income eligibility and rent payments are calculated in accordance with 24 CFR section 5.601 et seq. using verified third-party documentation. Also, per 24 CFR section 982.158 and part 982, subpart K, the Authority must pay a monthly housing assistance payment (HAP) on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and the HAP register.

Condition and Perspective Information: We selected 13 files of households new to the program in 2015 and 58 files of households continuing on the program for our testing of compliance with eligibility and HAP requirements. We noted that the HAP was incorrectly calculated for six of the households. One miscalculation resulted in providing HAP benefits to a household that should have been determined to be ineligible for the program. Our sampling methodology resulted in a statistically valid sample.

Cause and Effect: A material weakness in internal control over compliance exists, as third-party income verification documentation was not used appropriately to correctly calculate tenant annual income. This resulted in HAP benefits being calculated for incorrect amounts and a household receiving benefits that should have been deemed ineligible.

Identification of Repeat Findings: A similar finding was reporting in the prior year audit as item 2014-001.

Recommendations: The Authority should implement adequate internal controls and procedures to ensure that the HAP is calculated based on the correct annual income amounts of tenants and all documentation is properly obtained and maintained in the tenant files. A quality control system should be implemented to internally verify eligibility and HAP amounts are properly determined through a review process of files by someone other than the individual performing the initial determinations and annual redeterminations for the selected households.

Views of Responsible Officials: Management agrees with this finding. Management indicated that retroactive corrective payments were made related to the errors in HAP amounts. The recommended procedures will also be implemented as described above.

THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE, INDIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2015

U.S. Department of Housing and Urban Development

2014-001 Section 8 Housing Choice Vouchers – CFDA #14.871

Significant Deficiency – Eligibility and Special Tests

Condition: This finding was a significant deficiency in internal control related to inadequate consideration of eligibility documentation and a miscalculation of annual income used in determining the HAP amount.

Recommendation: The auditors recommended that the Authority implement adequate internal controls and procedures to ensure that the HAP is calculated based on the correct annual income amounts of tenants and all documentation is properly obtained and maintained in the tenant files.

Current Status: Management implemented an internal control/quality assurance function to periodically review files for accuracy and compliance. Staff also participated in training under a newly established Standard Operating Procedures Manual distributed to the staff on August 20, 2014. However, a material weakness was noted in 2015 for the same eligibility and special test requirements related to proper income verification and calculations. See Finding 2015-001.



THE HOUSING AUTHORITY OF THE CITY OF EVANSVILLE



Rick Moore
Executive Director

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FAX: (812) 428-8560

402 Court Street, Suite B
Evansville, Indiana 47708

Board of Commissioners:

David G. Hatfield, Chairman
Daphne Robinson, Vice Chairman
Vanessa Brown, Commissioner
Richard Engbers, Commissioner
Glenda B. Hampton, Commissioner
Michael Szakaly, Commissioner
Mildred Thacker, Commissioner

CORRECTIVE ACTION PLAN Year Ended December 31, 2015

The Housing Authority of the City of Evansville, Indiana respectively submits the following corrective action plan for the year ended December 31, 2015.

Name and address of independent public accounting firm:

Katz, Sapper & Miller, LLP
800 East 96th Street, Suite 500
Indianapolis, IN 46240

Audit period: Year ended December 31, 2015

The schedule of findings and questioned costs for the year ended December 31, 2015 are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

FINANCIAL STATEMENT AUDIT FINDINGS

None

MAJOR FEDERAL AWARDS PROGRAM AUDIT FINDINGS AND QUESTIONED COSTS

U.S. Department of Housing and Urban Development

2015-001 Section 8 Housing Choice Vouchers – CFDA #14.871
Material Weakness – Eligibility and Special Tests

Recommendations: The Authority should implement adequate internal controls and procedures to ensure that the HAP is calculated based on the correct annual income amounts of tenants and all documentation is properly obtained and maintained in the tenant files. A quality control system should be implemented to internally verify eligibility and HAP amounts are properly determined through a review process of files by someone other than the individual performing the initial determinations and annual redeterminations for the selected households.

Management Response: The Housing Authority of the City of Evansville will implement additional internal control measures with the goal of improving its monitoring procedures to

ensure that the HAP is calculated based on the correct annual income amounts of its clients and all required documentation is both collected and maintained in the tenant files.

Changes that will be implemented immediately to directly address this noted finding are as follows: (1) Each tenant folder will include an internal log that staff members will be responsible for recording proper documentation was reviewed and collected for any HAP modification; (2) The HCVP Director will review the income of all new families (waiting list and portability) during the eligibility process with the goal of not admitting an ineligible family to the HCV Program; (3) The HCVP Director will maintain a monthly log of warning/fatal errors on processed 50058s prior to submission in PIC and results will be shared with both the Executive Director and the HCVP staff as a tool to measure their overall efficiency in correctly calculating HAP; (4) EHA's quality control staff will conduct quarterly audits for a randomly selected number of files as a second measure to review HAP calculations and to review the files for required documentation.

U.S. Department of Housing and Urban Development

2014-001 Section 8 Housing Choice Vouchers – CFDA #14.871
Significant Deficiency – Eligibility and Special Tests

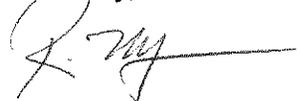
Recommendation: The auditors recommended that the Authority implement adequate internal controls and procedures to ensure that the HAP is calculated based on the correct annual income amounts of tenants and all documentation is properly obtained and maintained in the tenant files.

Current Status: Management implemented an internal control/quality assurance function to periodically review files for accuracy and compliance. Staff also participated in training under a newly established Standard Operating Procedures Manual distributed to the staff on August 20, 2014. However, a material weakness was noted in 2015 for the same eligibility and special test requirements related to proper income verification and calculations.

Management Response: The Housing Authority of the City of Evansville agrees with the recommendation and has implemented enhanced internal controls to address the area of concern, as noted above in the management response to 2015-001 Material Weakness. Additionally, Housing Choice Voucher staff will participate in HUD-sponsored webinar training and be monitored for continued progress and accuracy when processing clients.

Please contact me at 812-428-8500, or by email at rick.moore@evansvillehousing.org, if there are any further questions or concerns regarding the Corrective Action Plan for year ended December 31, 2015.

Sincerely,



Rick Moore
Executive Director

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
111 Cash - Unrestricted	\$2,350,065	\$0	\$15,053	\$232,794	\$142,441
112 Cash - Restricted - Modernization and Development	\$0		\$0		
113 Cash - Other Restricted	\$0		\$0		
114 Cash - Tenant Security Deposits	\$105,615		\$1,584		
115 Cash - Restricted for Payment of Current Liabilities	\$33,410		\$555,940	\$5,074	
100 Total Cash	\$2,489,090	\$0	\$572,577	\$237,868	\$142,441
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$7,590				
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$25,946			\$8,194	
126 Accounts Receivable - Tenants	\$40,040		\$4,532	\$58,775	
126.1 Allowance for Doubtful Accounts - Tenants	-\$30,600		\$0	-\$5,285	
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current			\$0		
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud			\$0		
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$42,976	\$0	\$4,532	\$61,684	\$0
131 Investments - Unrestricted	\$0		\$0		
132 Investments - Restricted	\$0		\$0		
135 Investments - Restricted for Payment of Current Liability	\$0		\$0		
142 Prepaid Expenses and Other Assets	\$690,558		\$44,991	\$11,972	
143 Inventories					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$3,222,624	\$0	\$622,100	\$311,524	\$142,441
161 Land	\$1,319,398		\$126,000	\$534,600	
162 Buildings	\$47,034,888		\$6,758,409	\$7,191,691	
163 Furniture, Equipment & Machinery - Dwellings	\$1,043,448		\$507,639	\$1,138,077	
164 Furniture, Equipment & Machinery - Administration	\$616,474				
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$34,349,532		-\$683,583	-\$5,669,842	
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$15,664,676	\$0	\$6,708,465	\$3,194,526	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets	\$0		\$43,391	\$68,759	
176 Investments in Joint Ventures				\$1,000	
180 Total Non-Current Assets	\$15,664,676	\$0	\$6,751,856	\$3,264,285	\$0
200 Deferred Outflow of Resources	\$312,094				
290 Total Assets and Deferred Outflow of Resources	\$19,199,394	\$0	\$7,373,956	\$3,575,809	\$142,441

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$77,834		\$65,629	\$2,776	
313 Accounts Payable >90 Days Past Due				\$164,369	
321 Accrued Wage/Payroll Taxes Payable	\$115,927				
322 Accrued Compensated Absences - Current Portion	\$43,757				
324 Accrued Contingency Liability					
325 Accrued Interest Payable				\$127,975	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$105,615			\$30,625	
342 Unearned Revenue	\$7,356		\$436	\$42,486	
343 Current Portion of Long-term Debt - Capital	\$57,772		\$7,826	\$1,720,495	
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities	\$153,448				
346 Accrued Liabilities - Other	\$70,093		\$73,559	\$149,819	
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$631,802	\$0	\$147,450	\$2,238,545	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$872,157		\$1,081,940	\$0	
352 Long-term Debt, Net of Current - Operating Borrowings				\$20,183	
353 Non-current Liabilities - Other				\$98,306	
354 Accrued Compensated Absences - Non Current	\$3,283				
355 Loan Liability - Non Current	\$0				
356 FASB 5 Liabilities					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
357 Accrued Pension and OPEB Liabilities	\$877,838				
350 Total Non-Current Liabilities	\$1,753,278	\$0	\$1,081,940	\$118,489	\$0
300 Total Liabilities	\$2,385,080	\$0	\$1,229,390	\$2,357,034	\$0
400 Deferred Inflow of Resources	\$258,396				
508.4 Net Investment in Capital Assets	\$14,734,747		\$5,618,699	\$1,474,031	
511.4 Restricted Net Position	\$0				
512.4 Unrestricted Net Position	\$1,821,171	\$0	\$525,867	-\$255,256	\$142,441
513 Total Equity - Net Assets / Position	\$16,555,918	\$0	\$6,144,566	\$1,218,775	\$142,441
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$19,199,394	\$0	\$7,373,956	\$3,575,809	\$142,441

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
111 Cash - Unrestricted		\$67,392	\$0	\$0	\$0
112 Cash - Restricted - Modernization and Development		\$0			
113 Cash - Other Restricted		\$0			
114 Cash - Tenant Security Deposits		\$0			
115 Cash - Restricted for Payment of Current Liabilities		\$69,069			
100 Total Cash	\$0	\$136,461	\$0	\$0	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$2,213	\$38,874			
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants		\$0			
126.1 Allowance for Doubtful Accounts -Tenants		\$0			
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,213	\$38,874	\$0	\$0	\$0
131 Investments - Unrestricted		\$0			
132 Investments - Restricted		\$0			
135 Investments - Restricted for Payment of Current Liability		\$0			
142 Prepaid Expenses and Other Assets		\$8,750			
143 Inventories					
143.1 Allowance for Obsolete Inventories					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$2,213	\$184,085	\$0	\$0	\$0
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration		\$60,312			
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$58,891			
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,421	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets		\$0			
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$1,421	\$0	\$0	\$0
200 Deferred Outflow of Resources		\$81,222			
290 Total Assets and Deferred Outflow of Resources	\$2,213	\$266,728	\$0	\$0	\$0
311 Bank Overdraft	\$2,213				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
312 Accounts Payable <= 90 Days		\$747			
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable		\$13,698			
322 Accrued Compensated Absences - Current Portion		\$26,763	\$0	\$0	\$0
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue					
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities		\$64,895			
346 Accrued Liabilities - Other		\$15,166			
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$2,213	\$121,269	\$0	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current		\$8,921	\$0	\$0	\$0
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities		\$228,456			

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
350 Total Non-Current Liabilities	\$0	\$237,377	\$0	\$0	\$0
300 Total Liabilities	\$2,213	\$358,646	\$0	\$0	\$0
400 Deferred Inflow of Resources		\$67,247			
508.4 Net Investment in Capital Assets		\$1,421			
511.4 Restricted Net Position	\$0	\$1,742	\$0		
512.4 Unrestricted Net Position	\$0	-\$162,328	\$0	\$0	\$0
513 Total Equity - Net Assets / Position	\$0	-\$159,165	\$0	\$0	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$2,213	\$266,728	\$0	\$0	\$0

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$179,651	\$2,987,396	-\$2,213	\$2,985,183
112 Cash - Restricted - Modernization and Development		\$0		\$0
113 Cash - Other Restricted		\$0		\$0
114 Cash - Tenant Security Deposits		\$107,199		\$107,199
115 Cash - Restricted for Payment of Current Liabilities		\$663,493		\$663,493
100 Total Cash	\$179,651	\$3,758,088	-\$2,213	\$3,755,875
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects		\$48,677		\$48,677
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		\$34,140		\$34,140
126 Accounts Receivable - Tenants		\$103,347		\$103,347
126.1 Allowance for Doubtful Accounts -Tenants	\$0	-\$35,885		-\$35,885
126.2 Allowance for Doubtful Accounts - Other		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current		\$0		\$0
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud		\$0		\$0
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$150,279	\$0	\$150,279
131 Investments - Unrestricted		\$0		\$0
132 Investments - Restricted		\$0		\$0
135 Investments - Restricted for Payment of Current Liability		\$0		\$0
142 Prepaid Expenses and Other Assets	\$60,256	\$816,527		\$816,527
143 Inventories				
143.1 Allowance for Obsolete Inventories				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
144 Inter Program Due From	\$20,183	\$20,183	-\$20,183	\$0
145 Assets Held for Sale				
150 Total Current Assets	\$260,090	\$4,745,077	-\$22,396	\$4,722,681
161 Land		\$1,979,998		\$1,979,998
162 Buildings		\$60,984,988		\$60,984,988
163 Furniture, Equipment & Machinery - Dwellings		\$2,689,164		\$2,689,164
164 Furniture, Equipment & Machinery - Administration		\$676,786		\$676,786
165 Leasehold Improvements	\$29,199	\$29,199		\$29,199
166 Accumulated Depreciation	-\$1,824	-\$40,763,672		-\$40,763,672
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$27,375	\$25,596,463	\$0	\$25,596,463
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets	\$0	\$112,150		\$112,150
176 Investments in Joint Ventures		\$1,000		\$1,000
180 Total Non-Current Assets	\$27,375	\$25,709,613	\$0	\$25,709,613
200 Deferred Outflow of Resources	\$172,137	\$565,453		\$565,453
290 Total Assets and Deferred Outflow of Resources	\$459,602	\$31,020,143	-\$22,396	\$30,997,747
311 Bank Overdraft		\$2,213	-\$2,213	\$0

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$11,977	\$158,963		\$158,963
313 Accounts Payable >90 Days Past Due		\$164,369		\$164,369
321 Accrued Wage/Payroll Taxes Payable	\$75,431	\$205,056		\$205,056
322 Accrued Compensated Absences - Current Portion	\$37,762	\$108,282		\$108,282
324 Accrued Contingency Liability				
325 Accrued Interest Payable		\$127,975		\$127,975
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits		\$136,240		\$136,240
342 Unearned Revenue		\$50,278		\$50,278
343 Current Portion of Long-term Debt - Capital		\$1,786,093		\$1,786,093
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$10,353	\$228,696		\$228,696
346 Accrued Liabilities - Other	\$8,140	\$316,777		\$316,777
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$143,663	\$3,284,942	-\$2,213	\$3,282,729
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		\$1,954,097		\$1,954,097
352 Long-term Debt, Net of Current - Operating Borrowings		\$20,183	-\$20,183	\$0
353 Non-current Liabilities - Other		\$98,306		\$98,306
354 Accrued Compensated Absences - Non Current	\$12,587	\$24,791		\$24,791
355 Loan Liability - Non Current		\$0		\$0
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$484,174	\$1,590,468		\$1,590,468

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$496,761	\$3,687,845	-\$20,183	\$3,667,662
300 Total Liabilities	\$640,424	\$6,972,787	-\$22,396	\$6,950,391
400 Deferred Inflow of Resources	\$142,520	\$468,163		\$468,163
508.4 Net Investment in Capital Assets	\$27,374	\$21,856,272		\$21,856,272
511.4 Restricted Net Position	\$0	\$1,742		\$1,742
512.4 Unrestricted Net Position	-\$350,716	\$1,721,179		\$1,721,179
513 Total Equity - Net Assets / Position	-\$323,342	\$23,579,193	\$0	\$23,579,193
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$459,602	\$31,020,143	-\$22,396	\$30,997,747

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
70300 Net Tenant Rental Revenue	\$1,913,011		\$252,933	\$604,345	
70400 Tenant Revenue - Other	\$265,363			\$24,016	
70500 Total Tenant Revenue	\$2,178,374	\$0	\$252,933	\$628,361	\$0
70600 HUD PHA Operating Grants	\$2,686,966				
70610 Capital Grants	\$203,009				
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		\$60,000			
71100 Investment Income - Unrestricted	\$4		\$125	\$35	\$724
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$94,891		\$67	\$1,196,589	
71600 Gain or Loss on Sale of Capital Assets	-\$1,703				
72000 Investment Income - Restricted					
70000 Total Revenue	\$5,161,541	\$60,000	\$253,125	\$1,824,985	\$724
91100 Administrative Salaries	\$262,814		\$19,069	\$43,408	

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
91200 Auditing Fees	\$20,879		\$5,100	\$3,700	
91300 Management Fee	\$669,605		\$17,707	\$39,817	
91310 Book-keeping Fee	\$72,270			\$7,754	
91400 Advertising and Marketing	\$1,695		\$3,332	\$4,244	
91500 Employee Benefit contributions - Administrative	\$77,152		\$9,170	\$25,329	
91600 Office Expenses	\$154,799		\$21,236	\$62,008	
91700 Legal Expense	\$38,294		\$563	\$9,453	
91800 Travel			\$1,043	\$2,255	
91810 Allocated Overhead					
91900 Other	\$27,231		\$4,400	\$11,296	
91000 Total Operating - Administrative	\$1,324,739	\$0	\$81,620	\$209,264	\$0
92000 Asset Management Fee	\$106,560		\$4,000		
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$2,331		\$435	\$834	
92500 Total Tenant Services	\$2,331	\$0	\$435	\$834	\$0
93100 Water	\$244,478		\$19,264	\$109,477	
93200 Electricity	\$614,477		\$74,693	\$45,191	
93300 Gas	\$143,905			\$1,878	
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
93800 Other Utilities Expense					
93000 Total Utilities	\$1,002,860	\$0	\$93,957	\$156,546	\$0
94100 Ordinary Maintenance and Operations - Labor	\$338,671		\$18,228	\$59,217	
94200 Ordinary Maintenance and Operations - Materials and	\$88,726		\$29,486	\$36,144	
94300 Ordinary Maintenance and Operations Contracts	\$436,025		\$32,661	\$69,478	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$237,439				
94000 Total Maintenance	\$1,100,861	\$0	\$80,375	\$164,839	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$37,200				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$37,200	\$0	\$0	\$0	\$0
96110 Property Insurance	\$145,733		\$19,467	\$40,830	
96120 Liability Insurance					
96130 Workmen's Compensation	\$6,938		\$899	\$3,087	
96140 All Other Insurance					
96100 Total insurance Premiums	\$152,671	\$0	\$20,366	\$43,917	\$0
96200 Other General Expenses			\$0	\$125	
96210 Compensated Absences	\$129,902				
96300 Payments in Lieu of Taxes	\$109,998		\$20,101	\$97,743	
96400 Bad debt - Tenant Rents	\$108,987		\$4,235	\$15,168	
96500 Bad debt - Mortgages					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$348,887	\$0	\$24,336	\$113,036	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$40,175		\$15,000	\$117,444	
96720 Interest on Notes Payable (Short and Long Term)	\$4,889				
96730 Amortization of Bond Issue Costs			\$3,616	\$5,081	
96700 Total Interest Expense and Amortization Cost	\$45,064	\$0	\$18,616	\$122,525	\$0
96900 Total Operating Expenses	\$4,121,173	\$0	\$323,705	\$810,961	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$1,040,368	\$60,000	-\$70,580	\$1,014,024	\$724
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$1,501,795		\$227,861	\$187,133	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$5,622,968	\$0	\$551,566	\$998,094	\$0
10010 Operating Transfer In	\$525,419				
10020 Operating transfer Out	-\$525,419				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit				\$1,302,459	
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)				-\$2,418,621	
10091 Inter Project Excess Cash Transfer In	\$187,000				
10092 Inter Project Excess Cash Transfer Out	-\$187,000				
10093 Transfers between Program and Project - In	\$0			\$60,000	
10094 Transfers between Project and Program - Out	\$0	-\$60,000			
10100 Total Other financing Sources (Uses)	\$0	-\$60,000	\$0	-\$1,056,162	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$461,427	\$0	-\$298,441	-\$229,271	\$724
11020 Required Annual Debt Principal Payments	\$49,648	\$0	\$9,334	\$41,095	\$0
11030 Beginning Equity	\$17,725,612	\$0	\$6,996,825	\$16,234	\$141,717
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$708,267		-\$553,818	\$1,431,812	
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	Project Total	14.239 HOME Investment Partnerships Program	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	8 Other Federal Program 1
11190 Unit Months Available	10656		384	1401	
11210 Number of Unit Months Leased	9636		357	1182	
11270 Excess Cash	\$1,567,880				
11610 Land Purchases	\$0				
11620 Building Purchases	\$188,279				
11630 Furniture & Equipment - Dwelling Purchases	\$3,461				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$5,031				
11660 Infrastructure Purchases	\$6,237				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
70300 Net Tenant Rental Revenue				\$55,876	
70400 Tenant Revenue - Other				\$1,183	
70500 Total Tenant Revenue	\$0	\$0	\$0	\$57,059	\$0
70600 HUD PHA Operating Grants	\$23,646	\$9,043,365	\$2,336		
70610 Capital Grants					
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					\$60,000
71100 Investment Income - Unrestricted					
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$11,730			
71500 Other Revenue		\$19,247		\$500	
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$23,646	\$9,074,342	\$2,336	\$57,559	\$60,000
91100 Administrative Salaries		\$296,415		\$1,242	\$54,710
91200 Auditing Fees		\$30,200			

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
91300 Management Fee		\$119,060			
91310 Book-keeping Fee		\$98,990			
91400 Advertising and Marketing		\$227			
91500 Employee Benefit contributions - Administrative		\$137,015		\$670	
91600 Office Expenses		\$73,776			\$3,703
91700 Legal Expense		\$130			
91800 Travel		\$92			
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$0	\$755,905	\$0	\$1,912	\$58,413
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$20,093		\$1,543		
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$3,510		\$389		
92400 Tenant Services - Other					
92500 Total Tenant Services	\$23,603	\$0	\$1,932	\$0	\$0
93100 Water				\$1,934	
93200 Electricity				\$429	
93300 Gas				\$228	
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
93000 Total Utilities	\$0	\$0	\$0	\$2,591	\$0
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and		\$1,869		\$479	
94300 Ordinary Maintenance and Operations Contracts		\$10,941		\$2,796	
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$0	\$12,810	\$0	\$3,275	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance		\$2,983		\$3,750	
96120 Liability Insurance		\$500			
96130 Workmen's Compensation	\$43	\$3,262	\$14		
96140 All Other Insurance					
96100 Total insurance Premiums	\$43	\$6,745	\$14	\$3,750	\$0
96200 Other General Expenses		\$1,600		\$900	
96210 Compensated Absences		\$55,892	\$390	\$394	\$1,587
96300 Payments in Lieu of Taxes				\$5,510	
96400 Bad debt - Tenant Rents		\$5,035		\$524	
96500 Bad debt - Mortgages					
96600 Bad debt - Other					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$62,527	\$390	\$7,328	\$1,587
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$23,646	\$837,987	\$2,336	\$18,856	\$60,000
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$8,236,355	\$0	\$38,703	\$0
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$8,290,171			
97350 HAP Portability-In					
97400 Depreciation Expense		\$6,388		\$45,776	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$23,646	\$9,134,546	\$2,336	\$64,632	\$60,000
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
10040 Operating Transfers from/to Component Unit				-\$650,467	
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out				\$0	
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	-\$650,467	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	-\$60,204	\$0	-\$657,540	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	\$104,030	\$0	\$758,865	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction		-\$202,991		-\$101,325	
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		-\$160,907			
11180 Housing Assistance Payments Equity		\$1,742			
11190 Unit Months Available		23244		171	

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	1 Business Activities	14.228 Community Development Block Grants/State's Program
11210 Number of Unit Months Leased		19764		108	
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
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 Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$2,826,165		\$2,826,165
70400 Tenant Revenue - Other		\$290,562		\$290,562
70500 Total Tenant Revenue	\$0	\$3,116,727	\$0	\$3,116,727
70600 HUD PHA Operating Grants		\$11,756,313		\$11,756,313
70610 Capital Grants		\$203,009		\$203,009
70710 Management Fee	\$788,665	\$788,665	-\$788,665	\$0
70720 Asset Management Fee	\$106,560	\$106,560	-\$106,560	\$0
70730 Book Keeping Fee	\$171,260	\$171,260	-\$171,260	\$0
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue	\$1,066,485	\$1,066,485	-\$1,066,485	\$0
70800 Other Government Grants		\$120,000		\$120,000
71100 Investment Income - Unrestricted		\$888		\$888
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$11,730		\$11,730
71500 Other Revenue	\$113,875	\$1,425,169		\$1,425,169
71600 Gain or Loss on Sale of Capital Assets	\$55,000	\$53,297		\$53,297
72000 Investment Income - Restricted				
70000 Total Revenue	\$1,235,360	\$17,753,618	-\$1,066,485	\$16,687,133
91100 Administrative Salaries	\$441,797	\$1,119,455		\$1,119,455
91200 Auditing Fees	\$7,962	\$67,841		\$67,841

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
91300 Management Fee		\$846,189	-\$788,665	\$57,524
91310 Book-keeping Fee		\$179,014	-\$171,260	\$7,754
91400 Advertising and Marketing	\$64	\$9,562		\$9,562
91500 Employee Benefit contributions - Administrative	\$184,901	\$434,237		\$434,237
91600 Office Expenses	\$143,440	\$458,962		\$458,962
91700 Legal Expense	\$9,401	\$57,841		\$57,841
91800 Travel	\$8,635	\$12,025		\$12,025
91810 Allocated Overhead				
91900 Other	-\$379	\$42,548		\$42,548
91000 Total Operating - Administrative	\$795,821	\$3,227,674	-\$959,925	\$2,267,749
92000 Asset Management Fee		\$110,560	-\$106,560	\$4,000
92100 Tenant Services - Salaries		\$21,636		\$21,636
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$3,899		\$3,899
92400 Tenant Services - Other	\$35	\$3,635		\$3,635
92500 Total Tenant Services	\$35	\$29,170	\$0	\$29,170
93100 Water	\$519	\$375,672		\$375,672
93200 Electricity	\$11,118	\$745,908		\$745,908
93300 Gas	\$1,657	\$147,668		\$147,668
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
93000 Total Utilities	\$13,294	\$1,269,248	\$0	\$1,269,248
94100 Ordinary Maintenance and Operations - Labor		\$416,116		\$416,116
94200 Ordinary Maintenance and Operations - Materials and		\$156,704		\$156,704
94300 Ordinary Maintenance and Operations Contracts	\$48,604	\$600,505		\$600,505
94500 Employee Benefit Contributions - Ordinary Maintenance		\$237,439		\$237,439
94000 Total Maintenance	\$48,604	\$1,410,764	\$0	\$1,410,764
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs		\$37,200		\$37,200
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$37,200	\$0	\$37,200
96110 Property Insurance	\$18,667	\$231,430		\$231,430
96120 Liability Insurance	\$50	\$550		\$550
96130 Workmen's Compensation	\$3,985	\$18,228		\$18,228
96140 All Other Insurance				
96100 Total insurance Premiums	\$22,702	\$250,208	\$0	\$250,208
96200 Other General Expenses	\$18,668	\$21,293		\$21,293
96210 Compensated Absences	\$81,469	\$269,634		\$269,634
96300 Payments in Lieu of Taxes	\$1,018	\$234,370		\$234,370
96400 Bad debt - Tenant Rents		\$133,949		\$133,949
96500 Bad debt - Mortgages				
96600 Bad debt - Other				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
96800 Severance Expense				
96000 Total Other General Expenses	\$101,155	\$659,246	\$0	\$659,246
96710 Interest of Mortgage (or Bonds) Payable		\$172,619		\$172,619
96720 Interest on Notes Payable (Short and Long Term)		\$4,889		\$4,889
96730 Amortization of Bond Issue Costs		\$8,697		\$8,697
96700 Total Interest Expense and Amortization Cost	\$0	\$186,205	\$0	\$186,205
96900 Total Operating Expenses	\$981,611	\$7,180,275	-\$1,066,485	\$6,113,790
97000 Excess of Operating Revenue over Operating Expenses	\$253,749	\$10,573,343	\$0	\$10,573,343
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$8,290,171		\$8,290,171
97350 HAP Portability-In				
97400 Depreciation Expense	\$49,790	\$2,018,743		\$2,018,743
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,031,401	\$17,489,189	-\$1,066,485	\$16,422,704
10010 Operating Transfer In		\$525,419	-\$525,419	\$0
10020 Operating transfer Out		-\$525,419	\$525,419	\$0
10030 Operating Transfers from/to Primary Government				

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit	-\$651,992	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)		-\$2,418,621		-\$2,418,621
10091 Inter Project Excess Cash Transfer In		\$187,000	-\$187,000	\$0
10092 Inter Project Excess Cash Transfer Out		-\$187,000	\$187,000	\$0
10093 Transfers between Program and Project - In		\$60,000	-\$60,000	\$0
10094 Transfers between Project and Program - Out		-\$60,000	\$60,000	\$0
10100 Total Other financing Sources (Uses)	-\$651,992	-\$2,418,621	\$0	-\$2,418,621
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$448,033	-\$2,154,192	\$0	-\$2,154,192
11020 Required Annual Debt Principal Payments	\$0	\$100,077		\$100,077
11030 Beginning Equity	\$539,349	\$26,282,632		\$26,282,632
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$414,658	-\$549,247		-\$549,247
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				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		-\$160,907		-\$160,907
11180 Housing Assistance Payments Equity		\$1,742		\$1,742
11190 Unit Months Available	0	35856	0	35856

Housing Authority of the City of Evansville (IN016)

EVANSVILLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2015

	COCC	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	0	31047	0	31047
11270 Excess Cash		\$1,567,880		\$1,567,880
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$188,279		\$188,279
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$3,461		\$3,461
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$5,031		\$5,031
11660 Infrastructure Purchases	\$0	\$6,237		\$6,237
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0