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January 23, 2024

Board of Directors  
Housing Authority of the City of New Albany  
Floyd County, Indiana

We have reviewed the audit report of the Housing Authority of the City of New Albany (Authority), which was opined upon by Hawkins Ash CPAs, LLP, Independent Public Accountants, for the period April 1, 2022 to March 31, 2023. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Authority as of March 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Hawkins Ash CPAs, LLP, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

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

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**MARCH 31, 2023**

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

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the Housing Authority of the City of New Albany (the "Housing Authority"), as of and for the year ended March 31, 2023, and the discretely presented component units as of December 31, 2022, and the related notes to the financial statements, which collectively comprise of the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Housing Authority, as of March 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, which represent 100 percent of the assets, net position, and revenue of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-17 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements, statements and certifications of actual modernization costs and the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, statements and certifications of actual modernization costs, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's 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's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
December 28, 2023

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Housing Authority of the City of New Albany  
Management's Discussion and Analysis (MD&A)  
March 31, 2023**

The management of the Housing Authority of the City of New Albany (the "Authority") offers readers this discussion and analysis of the Authority's financial statements, including a narrative overview and discussion of the financial activities of the Authority for the fiscal year ended March 31, 2023.

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

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

This MD&A is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special purpose government agency engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (a) fund financial statements and (b) a series of notes to the financial statements. These provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by the Department of Housing and Urban Development ("HUD") have been completed.

The Authority is governed by a seven-member Board of Commissioners who are appointed by the mayor of the City of New Albany. Under the oversight of that Board, the Authority functions independently from the City of New Albany government. All revenues, expenses, assets, and obligations of the Authority belong solely to the Authority, not the City of New Albany or any other entity.

**Reporting on the Authority as a Whole**

The Statement of Revenues, Expenses, and Changes in Net Position reports information about the Authority as a whole and about its activities in a format that helps the reader assess the results of operations for fiscal year 2023. Each statement is a condensed presentation of sources of funding and major activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## Financial Highlights

- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$25,993,714 at March 31, 2023. Net Position is categorized as follows:
  - ✓ Unrestricted net position of \$5,293,103 may be used to meet the Authority's ongoing obligations to citizens and creditors.
  - ✓ Restricted net position of \$10,307,602 includes Section 8 Housing Choice Voucher (HCV) funds of \$311,819 to be used for their designated purpose according to HUD regulations, \$796,884 held in replacement reserves for future capital needs, \$6,513,567 in seller loans to Belleview of New Albany, LLC (Belleview), a discretely presented component unit of the Authority, \$1,119,543 Capital Fund loan to Belleview, \$1,380,457 in Capital Fund grant proceeds to be loaned to Belleview, \$184,518 previously held in replacement reserves that are restricted for loans to Belleview and \$814 of forfeited Family Self-Sufficiency escrow funds to be used for the benefit of program participants.
  - ✓ The remainder of \$10,393,009 represents the net (of depreciation) amount invested in land, buildings and improvements, and furniture and equipment, net of related debt.
- Total revenue increased 30.89% or \$3,310,408 from the prior fiscal year. The Authority received \$3.7 million more in Capital Fund revenue, primarily related to the demolition of Riverview Tower and Beechwood Court.
- Total expenses increased by 31.77% or \$4,231,829 from the prior fiscal year. General expenses and housing assistance payments had the largest increase while maintenance had the largest decrease.
- The Authority renewed its line of credit agreement for \$1,000,000 during fiscal year 2023. The outstanding balance on the line of credit was \$1,000,000 and \$673,041 at March 31, 2023 and 2022, respectively. The line of credit matures March 2, 2024. The interest rate at March 31, 2023 was 6.75%.

## **Fund Financial Statements**

All of the funds of the Authority are reported as proprietary funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Enterprises operated by state and local governments, such as the Authority, use fund accounting to ensure compliance with finance-related legal requirements.

The Authority's financial statements report its net position and changes in net position. The Authority's net position – the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources – is one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, also need to be considered, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Authority. Management of the Authority makes a concerted effort to be fiscally responsible and to operate at an operating cash flow level of breakeven or better each year.

## **Using This Annual Report**

The Authority's annual report consists of financial statements that show combined information about the Authority's most significant programs, Public and Indian Housing, Housing Choice Voucher Program, Public Housing Capital Fund Program, Resident Opportunity and Supportive Services – Service Coordinators Program, Family Self-Sufficiency Program, Nonfederal, Business Activities and its blended component unit, Southern Indiana Community Housing Corporation. The Authority also has one discretely presented component unit, Belleview of New Albany, LLC.

The Authority's auditors provided assurance in their independent auditor's report, located immediately preceding the MD&A, that the financial statements are presented fairly in all material respects in accordance with accounting principles generally accepted in the United States of America. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the other parts of this report.

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

The Authority's financial statements provide detailed information about the most significant programs. Some funds are required to be established by HUD. However, the Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other funds.

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

## **Reporting the Authority's Most Significant Programs (Continued)**

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

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

Statement of Cash Flows – reports the Authority's net cash provided by or used for operating activities, investing activities, and capital and related financing activities.

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

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

### ***Public and Indian Housing***

The New Albany Housing Authority owns approximately 510 units in developments in the City of New Albany, Indiana. The units owned by the Authority consist of elderly/disabled and family units. The Authority rents those units to individuals and families who meet HUD eligibility guidelines in order to provide them with decent, safe, and sanitary rental housing. The Authority is responsible for the management and maintenance of all units, sites and certain utilities. On an annual basis, the Authority submits a request for funding to HUD, known as the Calculation of Operating Subsidy.

The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Operating Expense Level, Allowable Utilities Expenses Level, Allowable Add-ons and Audit Cost that becomes the Authority's Total Allowable Expenses. HUD will fund a portion of the difference between the Total Allowable Expenses and the amount of rents that the Authority can charge their tenants based upon HUD eligibility calculations. Funding is subject to proration due to congressional appropriation and may not be sufficient to fund 100% of the full eligibility amount.

## **Reporting the Authority's Most Significant Programs (Continued)**

### ***Section 8 Housing Choice Vouchers Program***

This grant program provides rental assistance to help extremely low and very low-income families afford decent, safe, and sanitary rental housing. Qualifying tenants have their income analyzed utilizing HUD's guidelines and their rental assistance is calculated accordingly. The Authority is awarded a fixed amount of Budget Authority from HUD on an annual basis to assist participants. The Authority had approval and funding for 408 tenant-based vouchers, 48 additional family unification vouchers, 5 New Incremental Fair Share vouchers, 114 tenant protection vouchers and 285 project-based vouchers at March 31, 2023. Similar to Public Housing operating funding, Section 8 administrative funding from HUD is subject to proration due to Congressional appropriation.

### ***Public Housing Capital Fund Program***

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

### ***Resident Opportunity and Supportive Services – Service Coordinators and Family Self-Sufficiency***

HUD awards these grant programs on a competitive basis. Award periods vary with some lasting as long as three years. The purpose of these grants is to provide services to tenants that will assist them in obtaining suitable employment, encourage aging in place, provide youth programming and improve the quality of life of those tenants.

### ***Non-federal Funds***

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

### ***Business Activities***

Business Activities consist of 24 housing choice voucher project-based units at Crystal Court, 12 vacant lots, 1 leased commercial building and 2 vacant commercial buildings.

## **Reporting the Authority's Most Significant Programs (Continued)**

### ***Central Office Cost Center***

In addition to the programs noted above, the Authority maintains a Central Office Cost Center ("COCC") as mandated by HUD. All salaries and costs related to administrative functions of the Authority and other costs which do not directly support the specific programs noted above, are charged to the COCC. Funding flows into the COCC from fees which are allowed to be charged to the Public and Indian Housing program, the Section 8 Housing Choice Voucher program and the RAD Project Based Voucher properties, as well as administrative funding provided through the Capital Fund program. Once funds flow through to the COCC they are deemed to be "defederalized" and can then be used by the Authority in any way needed in order to support the Authority's mission.

### ***Blended Component Unit***

The Authority has one blended component unit, Southern Indiana Community Housing Corporation (SICHC), a nonprofit organization. The mission of the SICHC is to support and expand the works and activities of the Authority within Floyd County and the greater southern Indiana community as a whole by increasing the supply of affordable housing in southern Indiana. SICHC consists of 101 housing choice voucher project-based units at Mark Elrod Tower and 11 vacant lots.

### ***Discretely Presented Component Unit***

Belleview of New Albany, LLC was formed September 2019 but began operations during fiscal year 2021 with the purchase of the 59-unit subsidized apartment complex at Whispering Creek from SICHC. Belleview also purchased the 40 housing choice voucher project-based units at Valley View and 120 public housing units at Riverside Terrace from the Authority during fiscal year 2021.

## Authority-Wide Condensed Financial Statements

### Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current & Other Assets			
Cash and investments	\$ 7,494,114	\$ 9,795,522	\$ (2,301,408)
Other Current Assets	1,058,252	569,130	489,122
Capital Assets (Net)	11,393,009	14,119,507	(2,726,498)
Other Noncurrent Assets	8,386,092	6,513,567	1,872,525
Deferred Outflows of Resources	-	-	-
Total Assets	<u>\$ 28,331,467</u>	<u>\$ 30,997,726</u>	<u>\$ (2,666,259)</u>
Liabilities			
Accounts Payable	\$ 638,076	\$ 185,979	\$ 452,097
Other Current Liabilities	1,572,387	1,217,580	354,807
Non-current Liabilities	<u>127,290</u>	<u>75,327</u>	<u>51,963</u>
Total Liabilities	<u>\$ 2,337,753</u>	<u>\$ 1,478,886</u>	<u>\$ 858,867</u>
Net Position			
Net Investment in Capital Assets	\$ 10,393,009	\$ 13,446,466	\$ (3,053,457)
Restricted	10,307,602	10,554,619	(247,017)
Unrestricted	<u>5,293,103</u>	<u>5,517,755</u>	<u>(224,652)</u>
Total Net Position	<u>\$ 25,993,714</u>	<u>\$ 29,518,840</u>	<u>\$ (3,525,126)</u>

### Major Factors Affecting the Statement of Net Position

Total assets decreased by \$2,666,259 from March 31, 2022 to March 31, 2023.

Cash and investments decreased by approximately \$2,301,000. The largest decreases were Public housing cash of approximately \$607,000 and Business Activities cash of approximately \$1,774,870. Business Activities cash decreased primarily as a result of draws on restricted cash held for loans to Belleview. Public housing cash decreased largely due to a decrease of approximately \$394,000 in operating subsidy revenue and increased expenses.

## Major Factors Affecting the Statement of Net Position (Continued)

Included in other current assets of \$1,058,252 is net inventory of \$166,171, prepaid expenses of \$126,645 and net accounts receivable totaling \$765,436. Accounts receivable includes reimbursements due the Authority from HUD for Capital Fund expenditures of \$301,506, ROSS expenditures of \$7,446, and FSS Coordinator grant expenditures of \$56,881. Also included in accounts receivable is \$33,975 of HCV administrative fee funding due from HUD.

Capital Assets (Net) are a major component of total assets, and are determined by taking the March 31, 2022 net capital assets balance and adding new capital assets purchased during the year ended March 31, 2023, subtracting capital assets disposed of during the year ended March 31, 2023 (less the related accumulated depreciation), and subtracting fiscal year 2023 depreciation expense. Accumulated depreciation reflects total depreciation expense (\$1,097,124 for the fiscal year ended March 31, 2023) which is recorded to recover the cost of capital assets over a specified period of time. Depreciation reduces the carrying value of the underlying asset but does not affect the cash flow of operations. The Statement of Capital Assets, included later, provides a detail of capital assets and accumulated depreciation.

Accounts payable at March 31, 2023 increased approximately \$452,000 from March 31, 2022. Other current liabilities is a combination of several accounts including liabilities for utilities, payroll, prepaid tenant rent, tenant security deposits, the current portion of FSS escrow accounts and a line of credit. Other current liabilities increased by \$354,807, primarily due to a \$326,959 increase in the line of credit balance.

Noncurrent liabilities includes \$82,965 of FSS escrow dollars because the anticipated payouts do not meet the criteria for a current liability.

Net Position is presented in conformity with GASB 34. Total Net Position decreased by \$3,525,126 from March 31, 2023 to March 31, 2022. Operating grants and tenant revenue increased approximately 53%, or \$5,300,000, from fiscal year 2022 while operating expenses increased 32%, or \$4,231,829. During fiscal year 2023, the Authority demolished Beechwood Court and Riverview Tower resulting in a loss on disposition of \$1,805,170 for these two properties.

The component Unrestricted Net Position decreased by \$224,652 during the fiscal year. This component represents funds that can be used to meet future obligations.

Restricted Net Position decreased by \$3,053,457 during the fiscal year. Restricted Net Position of \$10,307,602 consists of Section 8 Housing Choice Voucher (HCV) funds of \$311,819 to be used for their designated purpose according to HUD regulations, \$796,884 held in replacement reserves for future capital needs, \$6,513,567 in seller loans to Belleview, a \$1,119,543 Capital Fund loan to Belleview, \$1,380,457 in Capital Fund grant proceeds to be loaned to Belleview, \$184,518 previously held in replacement reserves that are restricted for loans to Belleview and \$814 of forfeited Family Self-Sufficiency escrow funds. Funds restricted for future HAP payments increased by \$304,855, which indicates that current year HAP revenue exceeded current year HAP expense.

## Major Factors Affecting the Statement of Net Position *(Continued)*

As part of HUD’s cash management restrictions, HUD holds undisbursed budget authority on behalf of the Authority as “Program Reserves” which will be disbursed to the Authority if HAP expenses exceed HAP income in future periods. Although HUD is holding those funds on the Authority’s behalf, they have mandated that such Program Reserves cannot be shown within the Authority’s Net Position. The balance of the Authority’s HUD-held program reserves at March 31, 2023 was \$440,041.

### *Statement of Revenues*

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Source			
Tenant Revenue	\$ 1,802,648	\$ 1,857,606	\$ (54,958)
Operating Grants	13,591,121	8,244,042	5,347,079
Capital Grants	34,771	6,700	28,071
Other Income	548,524	531,070	17,454
(Loss) Gain on disposition of capital asset	<u>(1,949,528)</u>	<u>77,710</u>	<u>(2,027,238)</u>
Total Revenues	<u>\$ 14,027,536</u>	<u>\$ 10,717,128</u>	<u>\$ 3,310,408</u>

### Major Factors Affecting the Statement of Revenues

Overall Operating Grant revenue for the year ended March 31, 2023 increased from prior year amounts by approximately \$5,347,000 as follows:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% Change</u>
Public Housing operating subsidy	\$ 3,019,224	\$ 3,413,010	\$ (393,786)	-11.54%
ROSS - Service Coordinator grant	71,592	79,329	(7,737)	-9.75%
FSS Program Coordinator grant	216,943	182,679	34,264	18.76%
Community Development Block grant	19,364	-	19,364	-
HCV grant revenue	6,073,542	4,171,412	1,902,130	45.60%
Capital Fund operating grant	<u>4,190,456</u>	<u>397,612</u>	<u>3,792,844</u>	953.91%
	<u>\$ 13,591,121</u>	<u>\$ 8,244,042</u>	<u>\$ 5,347,079</u>	64.86%

## Major Factors Affecting the Statement of Revenues (Continued)

In fiscal year 2023, Capital Fund revenue increased due to funding received for the demolition of Beechwood Court and Riverview Tower.

Revenue from Section 8 Housing Choice Voucher funding increased from the prior year as a result of an increase in unit months available of 2,366 and an increase in unit months leased of 1,087.

ROSS grant income in fiscal year 2023 decreased \$7,737 or 9.75%. In fiscal year 2022, the Authority received an additional 3-year grant totaling \$212,118 which runs through May 2024.

During fiscal year 2023, the Authority demolished Beechwood Court and Riverview Tower resulting in a loss on disposition of \$1,805,170 for these two properties.

## Statement of Expenses

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Administrative	\$ 2,820,975	\$ 2,564,747	\$ 256,228
Tenant Services	730,096	556,524	173,572
Utilities	1,102,413	1,160,916	(58,503)
Maintenance and operations	5,935,004	2,374,606	3,560,398
Housing Assistance Payments	4,660,973	3,932,162	728,811
Depreciation	1,097,124	1,165,088	(67,964)
Protective Services	96,718	129,802	(33,084)
General Expenses	1,070,509	1,398,492	(327,983)
Interest Expense	37,326	31,558	5,768
Extraordinary maintenance and casualty loss	<u>1,524</u>	<u>6,938</u>	<u>(5,414)</u>
Total Expenses	<u>\$ 17,552,662</u>	<u>\$ 13,320,833</u>	<u>\$ 4,231,829</u>

## Major Factors Affecting the Statement of Expenses

Total expenses increased by approximately 32% from fiscal year 2022. Maintenance and operations expense and housing assistance payments had the largest increase.

Maintenance and operations expense increased by approximately \$3.6 million primarily due to expenses for the demolition of Riverview Towers and Beechwood Court. These expenses were paid through Capital Fund Grants.

HAP expense is the direct expense of providing housing assistance payments to landlords on behalf of program participants and utility assistance payments to program participants. HAP expense increased approximately 19% or \$729,000. Tenant-based voucher and project-based voucher unit months available and leased increased by 2,366 units and 1,087 units, respectively, from fiscal year 2022.

## Major Factors Affecting the Statement of Expenses (Continued)

### Statement of Capital Assets

	2023	2022	Change
Land	\$ 2,691,648	\$ 2,739,698	\$ (48,050)
Buildings and improvements	31,973,400	42,337,417	(10,364,017)
Land improvements	4,877,534	5,802,211	(924,677)
Equipment-Administration	1,941,194	2,105,765	(164,571)
Accumulated Depreciation	(30,218,961)	(38,885,834)	8,666,873
Construction in Progress	128,195	20,250	107,945
Total	<u>\$ 11,393,010</u>	<u>\$ 14,119,507</u>	<u>\$ (2,726,497)</u>

## Major Factors Affecting the Statement of Capital Assets

Capital assets decreased by \$11,393,370 before considering the effect of accumulated depreciation. Additions of \$441,148 were offset by disposals totaling \$11,834,518. In fiscal year 2023, the Authority demolished 114 public housing units at Beechwood Court and 164 units at Riverview Tower.

Fixed asset additions included HVAC units for several public housing properties, a vehicle and renovations at properties owned by Business Activities and SICHC.

Construction in progress totaling \$128,195 primarily consists of costs to renovate a property owned by the Authority's blended component unit, SICHC.

Accumulated depreciation increased by an amount equal to current year depreciation expense, less accumulated depreciation associated with assets that were sold or written off.

Note 5 to the Authority's financial statements provides additional detail regarding the changes in capital assets during the year ended March 31, 2023.

### Debt

The Authority maintains a line of credit agreement for \$1,000,000. The line of credit has a one-year maturity. The line of credit was renewed during fiscal year 2023 and matures in March 2024. Outstanding draws on the line of credit are \$1,000,000 at March 31, 2023. The interest rate on the loan was 6.75% at March 31, 2023.

Note 6 to the Authority's financial statements provides additional detail regarding the changes in debt during the year ended March 31, 2023.

## **Currently Known Facts, Decisions, or Conditions Expected to Affect Future Financial Position or Results of Operations**

The Authority is primarily dependent upon HUD for funding; therefore, the Authority is generally affected more by the federal budget than by local economic conditions.

The amount that the Authority is eligible to receive to cover the gap between public housing rent revenues and operating costs is set by a federal formula. If Congress has failed to provide sufficient funding cover the full subsidies that the Authority is eligible to receive under the formula, the Authority must find a way to raise revenue, cut costs, or tap other resources to make up for the shortfall.

The Authority's management strives to operate at a breakeven or better cash flow from operations each year. Annual funding proration levels, however, remain uncertain and there is always potential for further reduced federal funding. We will continue to work to maintain a fiscally responsible approach regardless of the federal funding situation to ensure the Authority is able to continue to serve low-income families and individuals to the greatest extent possible for both the near-term and long-term future.

The Authority has submitted a phased-in portfolio application through HUD's Rental Assistance Demonstration ("RAD") to convert all Public Housing units in the Authority's stock to Project-Based Section 8 units. The Authority may use this conversion to change the HUD funding provided for those units from Public Housing Operating Subsidy and Public Housing Capital Funding to Project-Based Voucher Assistance. The Authority converted two properties totaling 64 units on July 1, 2016, a 101-unit project on December 1, 2018, and a 120-unit project (Riverside Terrace) on December 15, 2020. The Authority sold its 59-unit subsidized apartment complex at Whispering Creek, its 120-unit apartment complex at Riverside Terrace and its 40-unit project-based development at Valley View Court during fiscal year 2021 to the Authority's discretely presented component unit, Belleview of New Albany, LLC, to be converted to low-income housing tax credit properties. The 40 units at Valley View and 120 units at Riverside Terrace are still funded through the Authority as project-based voucher units.

The current plan is for the complete redevelopment of the remaining public housing projects to be achieved over the next five to ten years. This process will create significant changes to the federal funding stream, federal compliance requirements, organizational structure, and many other items for those units. Beechwood Court began redevelopment during fiscal year 2022 using Low Income Housing Tax Credits which will provide new housing with lower density and better connection to the surrounding neighborhood. Riverview Towers was demolished during fiscal year 2023 and the property will be sold. Management believes that redevelopment of the remaining public housing units with lower density is the best way for the Authority to continue to provide high quality affordable housing to low-income families and individuals for the long-term.

## **Contacting the Housing Authority's Financial Management**

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

David C. Duggins, Jr.  
Executive Director  
New Albany Housing Authority  
P.O. Box 11  
New Albany, Indiana 47151-0011

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

**BASIC FINANCIAL STATEMENTS**

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

	PRIMARY GOVERNMENT MARCH 31, 2023	COMPONENT UNITS DECEMBER 31, 2022	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 4,552,838	\$ 193,972	\$ 4,746,810
Cash and investments - restricted	2,941,276	148,358	3,089,634
Receivables			
Tenants, net of allowance for doubtful accounts	4,472	10,357	14,829
Other, net of allowance for doubtful accounts	341,788	57,418	399,206
Due from other governments	19,364	-	19,364
Accounts receivable - HUD	399,808	179	399,987
Inventory, net of allowance for obsolescence	166,173	-	166,173
Miscellaneous asset	-	698,198	698,198
Prepaid expenses	126,647	36,025	162,672
<b>TOTAL CURRENT ASSETS</b>	<b>8,552,366</b>	<b>1,144,507</b>	<b>9,696,873</b>
<b>NONCURRENT ASSETS</b>			
<b>CAPITAL ASSETS, at cost</b>			
Land	2,569,252	-	2,569,252
Land improvements	4,999,932	2,538,349	7,538,281
Buildings and improvements	31,973,400	23,332,578	55,305,978
Equipment	1,941,194	758,560	2,699,754
Construction work in progress	128,195	-	128,195
<b>TOTAL CAPITAL ASSETS</b>	<b>41,611,973</b>	<b>26,629,487</b>	<b>68,241,460</b>
Less accumulated depreciation	(30,218,964)	(540,888)	(30,759,852)
Net CAPITAL ASSETS	<b>11,393,009</b>	<b>26,088,599</b>	<b>37,481,608</b>
<b>OTHER ASSETS</b>			
Notes receivable	8,140,110	-	8,140,110
Interest receivable	202,098	-	202,098
Leased assets, net of accumulated amortization	43,884	-	43,884
Miscellaneous other assets	-	580,399	580,399
<b>TOTAL OTHER ASSETS</b>	<b>8,386,092</b>	<b>580,399</b>	<b>8,966,491</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>19,779,101</b>	<b>26,668,998</b>	<b>46,448,099</b>
<b>TOTAL ASSETS</b>	<b>\$ 28,331,467</b>	<b># \$ 27,813,505</b>	<b># \$ 56,144,972</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 634,929	\$ 1,433,809	\$ 2,068,738
Accounts payable - HUD	3,147	-	3,147
Accrued payroll liabilities	63,178	-	63,178
Compensated absences	98,950	-	98,950
Accrued interest payable	-	82,427	82,427
Unearned revenue	73,593	19,664	93,257
Due to other governments	69,164	-	69,164
Tenants' security deposits	156,081	32,998	189,079
Other current liabilities	111,421	-	111,421
Current portion of long term obligations	-	44,822	44,822
Current portion of line of credit	1,000,000	-	1,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,210,463</b>	<b>1,613,720</b>	<b>3,824,183</b>
<b>NONCURRENT LIABILITIES</b>			
Tenants' FSS escrow	82,965	-	82,965
Other long-term liabilities	44,325	3,152,667	3,196,992
Long-term debt	-	19,301,769	19,301,769
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>127,290</b>	<b>22,454,436</b>	<b>22,581,726</b>
<b>TOTAL LIABILITIES</b>	<b>2,337,753</b>	<b>24,068,156</b>	<b>26,405,909</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,393,009	6,786,830	17,179,839
Restricted	10,307,602	-	10,307,602
Unrestricted	5,293,103	(3,041,481)	2,251,622
<b>TOTAL NET POSITION</b>	<b>25,993,714</b>	<b>3,745,349</b>	<b>29,739,063</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 28,331,467</b>	<b>\$ 27,813,505</b>	<b>\$ 56,144,972</b>

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

	<u>PRIMARY GOVERNMENT YEAR ENDED MARCH 31, 2023</u>	<u>COMPONENT UNITS YEAR ENDED DECEMBER 31, 2022</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>OPERATING REVENUE</b>			
Dwelling rental	\$ 1,802,648	168,503	\$ 1,971,151
Operating grants	13,591,121	1,153,886	14,745,007
Other operating revenue	360,809	380,841	741,650
<b>TOTAL OPERATING REVENUE</b>	<u>15,754,578</u>	<u>1,703,230</u>	<u>17,457,808</u>
<b>OPERATING EXPENSES</b>			
Administration	2,820,975	472,520	3,293,495
Tenant services	730,096	-	730,096
Utilities	1,102,413	242,147	1,344,560
Maintenance and operations	5,935,004	555,739	6,490,743
General expenses	1,070,509	81,520	1,152,029
Protective services	96,718	-	96,718
Housing assistance payments	4,660,973	-	4,660,973
Depreciation and amortization	1,097,124	342,904	1,440,028
<b>TOTAL OPERATING EXPENSES</b>	<u>17,513,812</u>	<u>1,694,830</u>	<u>19,208,642</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(1,759,234)</u>	<u>8,400</u>	<u>(1,750,834)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Interest income	187,715	2,037,620	2,225,335
Loss on disposition of fixed assets	(1,949,528)	-	(1,949,528)
Interest expense	(37,326)	(272,757)	(310,083)
Casualty loss	(1,524)	-	(1,524)
<b>NET NONOPERATING (EXPENSES)</b>	<u>(1,800,663)</u>	<u>1,764,863</u>	<u>(35,800)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<u>(3,559,897)</u>	<u>1,773,263</u>	<u>(1,786,634)</u>
<b>CAPITAL GRANTS</b>	<u>34,771</u>	<u>-</u>	<u>34,771</u>
<b>CHANGE IN NET POSITION</b>	<u>(3,525,126)</u>	<u>1,773,263</u>	<u>(1,751,863)</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>29,518,840</u>	<u>1,972,086</u>	<u>31,490,926</u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ 25,993,714</b></u>	<u><b>\$ 3,745,349</b></u>	<u><b>\$ 29,739,063</b></u>

The accompanying notes are an integral part of these financial statements.

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

	PRIMARY GOVERNMENT YEAR ENDED MARCH 31, 2023	COMPONENT UNITS YEAR ENDED DECEMBER 31, 2022	TOTAL (MEMORANDUM ONLY)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tenants/participants	\$ 1,812,361	\$ 170,235	\$ 1,982,596
Cash received from operating grants	13,275,500	1,153,886	14,429,386
Other income received	192,954	374,808	567,762
Cash payments to vendors	(8,582,251)	(1,081,817)	(9,664,068)
Cash payments to employees	(2,701,240)	(268,581)	(2,969,821)
Cash payments for housing assistance	(4,660,973)	-	(4,660,973)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>(663,649)</u>	<u>348,531</u>	<u>(315,118)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grants	34,771	-	34,771
Proceeds from sale of capital assets	124,984	-	124,984
Acquisition of capital assets	(441,148)	(10,348,519)	(10,789,667)
Proceeds from issuance of loans payable	-	10,706,616	10,706,616
Proceeds from line of credit	326,959	-	326,959
Lease payments	(3,549)	-	(3,549)
Miscellaneous financial expenses	-	(453,674)	(453,674)
Interest paid	(37,326)	(255,935)	(293,261)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>4,691</u>	<u>(351,512)</u>	<u>(346,821)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Casualty loss	(1,524)	-	(1,524)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Notes receivable issued	(1,734,924)	-	(1,734,924)
Purchase of intangible assets	-	(172,729)	(172,729)
Interest received	93,998	-	93,998
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,640,926)</u>	<u>(172,729)</u>	<u>(1,813,655)</u>
<b>NET (DECREASE) IN CASH AND CASH INVESTMENTS</b>	(2,301,408)	(175,710)	(2,477,118)
<b>CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR</b>	<u>9,795,522</u>	<u>518,040</u>	<u>10,313,562</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<u>\$ 7,494,114</u>	<u>\$ 342,330</u>	<u>\$ 7,836,444</u>

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT OF CASH FLOWS - Continued**

	PRIMARY GOVERNMENT YEAR ENDED MARCH 31, 2023	COMPONENT UNITS YEAR ENDED DECEMBER 31, 2022	TOTAL (MEMORANDUM ONLY)
<u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and investments	\$ 4,552,838	\$ 193,972	\$ 4,746,810
Cash and investments - restricted	2,941,276	148,358	3,089,634
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 7,494,114</u></b>	<b><u>\$ 342,330</u></b>	<b><u>\$ 7,836,444</u></b>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH (USED IN) OPERATING ACTIVITIES</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,759,234)	\$ 8,400	\$ (1,750,834)
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities			
Depreciation	1,097,124	342,904	1,440,028
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(283,906)	5,589	(278,317)
Accounts receivable - other	-	(5,691)	(5,691)
Accounts receivable - HUD	(299,404)	-	(299,404)
Due from other governments	(19,364)	-	(19,364)
Inventory	42,958	-	42,958
Prepaid expenses	68,325	(27,980)	40,345
Increase (decrease) in liabilities			
Accounts payable	451,219	11,435	462,654
Accounts payable - HUD	3,147	-	3,147
Accrued expenses	36,601	18,073	54,674
Unearned revenue	(5,893)	(9,760)	(15,653)
Due to other governments	(1,390)	-	(1,390)
Tenants' FSS escrow, non-current portion	7,638	-	7,638
Tenants' security deposits	(1,470)	5,561	4,091
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ (663,649)</u></b>	<b><u>\$ 348,531</u></b>	<b><u>\$ (315,118)</u></b>

The accompanying notes are an integral part of these financial statements.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

### **NOTE 1 - Nature of the Organization and Operations**

The Housing Authority of the City of New Albany (the "Housing Authority"), is organized under the laws of the State of Indiana for the purpose of engaging in the development and administration of low-rent housing programs. The Housing Authority owns and operates 510 public housing units, 285 project based voucher units, 59 multifamily units, and administers 408 Section 8 vouchers under Annual Contributions contract C-912 with the Department of Housing and Urban Development ("HUD") and 48 additional family unification vouchers. The Housing Authority is located in New Albany, Indiana.

In evaluating the Housing Authority as a reporting entity, the City of New Albany (the "City") does not bear responsibility for the Housing Authority's operations. The Mayor of the City appoints an independent Board of Commissioners to oversee the activities of the Housing Authority. The Housing Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the City government. Debt incurred by the Housing Authority is not an obligation of the City; the City does not review or approve the Housing Authority's budget; is not entitled to any surplus funds generated by the Housing Authority's operations; and is not responsible for any deficits incurred by the Housing Authority. Consequently, in accordance with the Governmental Accounting Standards Board ("GASB"), management has concluded that the Housing Authority is a separate reporting entity.

In accordance with Statement No. 61, Governmental Accounting Standards Board (GASB), the basis criterion for including a legally separate organization as a component unit is the degree of financial accountability the Housing Authority has with the organization. The following circumstances set forth the Housing Authority's financial accountability for a legally separate organization:

- a. The Housing Authority is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Housing Authority.
- b. The Housing Authority may be financially accountable if an organization is fiscally dependent on the Housing Authority regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based upon the application of these criteria, this report includes the following component units:

Southern Indiana Community Housing Corporation (SICHHC) was established in 2014 to support and expand the works and activities of the Housing Authority within Floyd County and the Greater Southern Indiana Community as a whole by contributing support through increasing the supply of affordable housing in Southern Indiana. The Board of Commissioners of the Housing Authority appoints the governing body of SICHHC. SICHHC is shown as a blended component unit in the financial statements of the Housing Authority. SICHHC does not have separately issued financial statements.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 1 - Nature of the Organization and Operations - Continued**

Riverside at Belleview, LLC, (the "Company"), was formed on March 3, 2020 for the purpose of acquiring, developing, rehabilitating, owning, and operating a 120 unit apartment complex (the "Project") located in New Albany, Indiana. The Company was formed as a single-member limited liability company with Belleview of New Albany, LLC, an Indiana Limited Liability Company, as the sole member. The Company has received a reservation of low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Riverside at Belleview is shown as a discretely presented component unit.

Cross Creek at Belleview, LLC, (the "Company"), was formed on March 3, 2020 for the purpose of acquiring, developing, rehabilitating, owning, and operating a 59 unit apartment complex (the "Project") located in New Albany, Indiana. The Company was formed as a single-member limited liability company with Belleview of New Albany, LLC, an Indiana Limited Liability Company, as the sole member. The Company has received a reservation of low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Cross Creek at Belleview is shown as a discretely presented component unit.

Valley View at Belleview, LLC, (the "Company"), was formed on March 3, 2020 for the purpose of acquiring, developing, rehabilitating, owning, and operating 40 single family homes (the "Project") located in New Albany, Indiana. The Company was formed as a single-member limited liability company with Belleview of New Albany, LLC, an Indiana Limited Liability Company, as the sole member. The Company has received a reservation of low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Valley View at Belleview is shown as a discretely presented component unit.

### **NOTE 2 - Summary of Significant Accounting Policies**

#### 1. Basis of Presentation:

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

In accordance with GASB requirements, the Housing Authority's proprietary funds follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, except those that conflict with or contradict a GASB pronouncement.

#### 2. Basis of Accounting

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

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 2 - Summary of Significant Accounting Policies - Continued**

#### 3. Use of Estimates

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

#### 4. Cash Equivalents

The Housing Authority considers all short-term investments with an original maturity of three months or less to be cash equivalents.

#### 5. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The Housing Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. The allowance for doubtful accounts was \$17,899 for accounts receivable - tenants. The allowance for doubtful accounts was \$127,841 for accounts receivable - fraud recovery. Those allowances have been deducted against the related accounts receivable balances to properly reflect the estimated realizable value at March 31, 2023. Management believes all other accounts receivable as of March 31, 2023, were collectible and no allowance was necessary.

#### 6. Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost (determined by the weighted average method) or net realizable value, reported on a first-in, first-out basis. Management has established an allowance for obsolete inventory which totaled \$41,542 at March 31, 2023, and is deducted against supplies inventory to properly reflect the lower of cost or market value.

#### 7. Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred; renewals or betterments, which provide benefit for greater than one year and cost \$2,500 or more are capitalized. Gain or loss on retirements and disposition of assets is credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is provided on the basis of the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 10 - 40 years for buildings and land improvements and 5-10 years for building equipment, furniture, maintenance equipment and miscellaneous assets.

#### 8. Leases

The Housing Authority is a lessee because it leases capital assets from other entities. The lease liability is measured using the present value of payments to be made during the lease term. The corresponding intangible right-to-use capital asset is amortized over the shorter of the lease term or the useful life.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 2 - Summary of Significant Accounting Policies - Continued**

#### 9. Revenue and Expenses

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

The Housing Authority has entered into annual contribution contracts with HUD to develop, manage and own public housing projects and to administer the Federal Section 8 programs whereby, the Housing 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 operating grants in the accompanying financial statements.

#### 10. Operating & Nonoperating Revenue & Expenses

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

#### 11. Impairment of Long-Lived Assets:

The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended March 31, 2023.

#### 12. Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leave. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Housing Authority accrues the liability for those absences for which the employee has earned the rights to the benefits. The Housing Authority's policy allows employees to receive paid time off. A maximum of 160 hours of paid time off can be carried forward at the end of fiscal 2023. All accrued paid time off is paid to the employee upon termination of employment. Accordingly, at March 31, 2023, a liability of \$98,950 has been recorded for accrued compensation absences at that date.

#### 13. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 2 - Summary of Significant Accounting Policies - Continued**

#### 14. Net Position Classifications

Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### 15. Federal Aids

Federal aids for reimbursable programs are recognized as revenue in the year the related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

#### 16. Employee Retirement Plan

The Housing Authority has a retirement plan covering substantially all of its eligible employees which is funded through contributions to Nationwide.

#### 17. Interprogram Transactions

Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

#### 18. Construction Projects

There are certain projects in progress at March 31, 2023. These include construction projects relate primarily to a house owned by the Business Activities.

#### 19. Application of Restricted Resources

The Housing Authority will first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### 20. Subsequent Events

The Housing Authority has evaluated subsequent events through December 28, 2023, the date which the financial statements were available to be issued.

#### 21. Change in Accounting Principle

The Housing Authority has implemented GASB Statement No. 87, Leases, in 2023. Amounts previously reported as capital leases are now reported as lease liability. The change resulted in no adjustments to net position or fund balances.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 3 - Cash Deposits**

In accordance with Section 401-(E) of the HUD/Public Authority Annual Contributions Contract, it is the policy of the Housing Authority to invest its funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow needs of the Housing Authority, and comply with all federal, state, and local statutes or ordinances governing the investment of public funds.

1. **Custodial Credit Risk:**

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Housing Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments as of March 31, 2023, were insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company or depository financial institutions. Deposits exceeding the insured or registered limits are collateralized (\$6,901,668) with securities held by the Housing Authority's financial institution in the name of the Housing Authority and are fully insured by the Indiana Public Deposit Insurance Fund.

2. **Interest Rate Risk**

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

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

3. **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments. The Housing Authority's investment policy requires investment in instruments authorized by HUD Notice PIH 95-27.

4. **Concentration of Credit Risk**

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

5. **Foreign Currency Risk**

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

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2023**

**NOTE 3 - Cash Deposits - Continued**

6. Primary Government Cash

The carrying value of cash at March 31, 2023 was \$7,494,114. The bank balance of cash at March 31, 2023 was \$7,511,525.

Restricted cash totaled \$2,941,276 at March 31, 2023, and was comprised of the following:

FSS program tenant escrow accounts	\$ 110,621
Tenant security deposits	156,081
HCV housing assistance payments	311,900
Replacement reserves	796,884
Operating loan reserve	184,519
Capital fund loan	1,380,457
Other	814
	<b><u>\$ 2,941,276</u></b>

A corresponding liability for the tenant escrow accounts has been shown partially as other current liabilities and partially as other noncurrent liabilities on the Statement of Net Position. See Note 10 for details on the restricted net position which correspond to the Housing Choice Voucher program housing assistance payment restricted cash, replacement reserves for the business activities, and capital funds loan reserve.

**NOTE 4 - Notes Receivable**

At March 31, 2023, the notes receivable for the Housing Authority consisted of:

Note receivable from Riverside at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	\$4,146,575
Note receivable from Riverside at Belleview NAHA, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	1,119,543
Note receivable from Valley View at Belleview operating reserve, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	615,381
Note receivable from Valley View at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	1,325,525
Note receivable from Cross Creek at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	<u>933,086</u>
<b>TOTAL</b>	<b><u>\$8,140,110</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2023**

**NOTE 5 - Capital Assets**

A summary of changes in capital assets for the Primary Government is as follows:

	BALANCE 04/01/22	ADDITIONS	RETIREMENTS	BALANCE 03/31/23
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,739,698	\$ -	\$ (170,446)	\$ 2,569,252
Construction in progress	20,250	110,895	(2,950)	128,195
Total capital assets not being depreciated	<u>2,759,948</u>	<u>110,895</u>	<u>(173,396)</u>	<u>2,697,447</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	42,337,417	210,764	(10,574,781)	31,973,400
Land improvements	5,802,211	42,359	(844,638)	4,999,932
Equipment	2,105,765	77,130	(241,701)	1,941,194
Total capital assets being depreciated	50,245,393	330,253	(11,661,120)	38,914,526
Less accumulated depreciation	<u>(38,885,834)</u>	<u>(1,093,134)</u>	<u>9,760,004</u>	<u>(30,218,964)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>11,359,559</u>	<u>(762,881)</u>	<u>(1,901,116)</u>	<u>8,695,562</u>
<b>NET CAPITAL ASSETS</b>	<b><u>\$ 14,119,507</u></b>	<b><u>\$ (651,986)</u></b>	<b><u>\$ (2,074,512)</u></b>	<b><u>\$ 11,393,009</u></b>

A summary of changes in leases for the Primary Government is as follows:

	BALANCE 04/01/22	ADDITIONS	RETIREMENTS	BALANCE 03/31/23
<i>Right-of-use assets being amortized:</i>				
Leased equipment	\$ 47,874	\$ -	\$ -	\$ 47,874
Less accumulated amortization	-	(3,990)	-	(3,990)
<b>NET RIGHT-OF-USE ASSETS</b>	<b><u>\$ 47,874</u></b>	<b><u>\$ (3,990)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 43,884</u></b>

A summary of changes in capital assets for the Component Units is as follows:

	BALANCE 01/01/22	ADDITIONS	RETIREMENTS	ADJUSTMENTS	BALANCE 12/31/22
<i>Capital assets not being depreciated:</i>					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	8,357,404	-	-	(8,357,404)	-
Total capital assets not being depreciated	<u>8,357,404</u>	<u>-</u>	<u>-</u>	<u>(8,357,404)</u>	<u>-</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	5,083,402	9,171,772	-	8,357,404	23,332,578
Land improvements	185,159	2,353,190	-	-	2,538,349
Equipment	17,940	740,620	-	-	758,560
Total capital assets being depreciated	6,006,501	12,265,582	-	8,357,404	26,629,487
Less accumulated depreciation	<u>(214,088)</u>	<u>(326,800)</u>	<u>-</u>	<u>-</u>	<u>(540,888)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>5,811,148</u>	<u>11,938,782</u>	<u>-</u>	<u>8,357,404</u>	<u>26,088,599</u>
<b>NET CAPITAL ASSETS</b>	<b><u>\$ 14,149,817</u></b>	<b><u>\$ 11,938,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 26,088,599</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2023**

**NOTE 6 - Line of Credit**

On November 19, 2019, the Housing Authority was issued a \$1,000,000 line of credit, with a 6.00 percent interest rate. On February 28, 2023, the line of credit was renewed and the maturity date was extended until March 2, 2024, with an interest rate of 6.75 percent. Details of the draws and payments on the line of credit are as follows:

	<u>BALANCE</u> <u>04/01/22</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>03/31/23</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Line of credit	<u>\$ 673,041</u>	<u>\$ 326,959</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

**NOTE 7 - Long-Term Obligations**

Details of the Housing Authority's long-term obligations are set forth below:

**Summary of Long-Term Obligations - Primary Government**

	<u>BALANCE</u> <u>4/1/22</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>3/31/23</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Tenants' FSS escrow	\$ 100,436	\$ 68,157	\$ (57,970)	\$ 110,623	\$ 27,655
Lease liability	47,874	-	(3,549)	44,325	-
	<u>\$ 148,310</u>	<u>\$ 68,157</u>	<u>\$ (61,519)</u>	<u>\$ 154,948</u>	<u>\$ 27,655</u>

**Lease Liability**

The Housing Authority entered into a lease agreement in November 2022 for multiple copiers and printers. The agreement is a five-year term with monthly payments of \$899.69. The Housing Authority has a purchase option at the end of the term. The lease agreement outstanding liability as of March 31, 2023 was \$44,325.

Maturities of the lease maturity at March 31, 2023, are as follows:

<u>YEAR ENDED</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,825	\$ 1,971
2025	9,277	1,519
2026	9,752	1,044
2027	10,251	545
2028	6,220	78
<b>TOTAL</b>	<u>\$ 44,325</u>	<u>\$ 5,157</u>

**Summary of Long-Term Obligations - Component Units**

	<u>BALANCE</u> <u>1/1/22</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>AMOUNT</u> <u>BALANCE</u> <u>12/31/22</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	\$ 9,385,067	\$10,706,616	\$ -	\$20,091,683	\$ 44,822
Swap liability	1,339,422	-	(1,339,422)	-	-
Other long-term liabilities	1,754,769	1,397,898	-	3,152,667	-
	<u>\$12,479,258</u>	<u>\$12,104,514</u>	<u>\$ (1,339,422)</u>	<u>\$23,244,350</u>	<u>\$ 44,822</u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2023**

**NOTE 7 - Long-Term Obligations - Continued**

At December 31, 2022, notes payable of the Component Units consisted of:

Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Cross Creek. Monthly principal and interest payments are due commencing on August 8, 2023. Loan matures on July 8, 2040.	\$5,022,149
Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Cross Creek. Principal & interest payments are calculated based on cash flow. Loan matures on July 8, 2040.	559,782
PNC Bonds payable for Cross Creek. Monthly interest payments only. Loan matures on December 15, 2025.	414,919
NAHA Operating Reserves Loan payable for Valley View. Principal & interest payments are calculated based on cash flow. Loan matures on December 31, 2062.	523,534
Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Valley View. Monthly principal and interest payments are due commencing on August 8, 2023. Loan matures on July 8, 2040.	2,928,599
Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Valley View. Principal & interest payments are calculated based on cash flow. Loan matures on July 8, 2040.	325,400
NAHA Capital Funds Loan payable for Riverside. Principal & interest payments are calculated based on cash flow. Loan matures on December 31, 2062.	914,001
Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Riverside. Principal & interest payments are calculated based on cash flow. Loan matures on July 8, 2040.	942,778
Indiana Housing and Community Development Authority ("IHCDA") Bonds payable for Riverside. Monthly principal and interest payments are due commencing on August 8, 2023. Loan matures on July 8, 2040.	8,460,521
TOTAL NOTES PAYABLE	20,091,683
Less unamortized debt issue costs	(745,092)
Less current portion	(44,822)
<b>NET LONG TERM NOTES PAYABLE</b>	<b><u>\$19,301,769</u></b>

**Maturities of Long-Term Debt**

Maturities of the long-term debt for the Component Units at December 31, 2022 are:

Year	Cross Creek	Valley View	Riverside	Total
2023	18,073	6,982	19,767	<b>44,822</b>
2024	44,685	17,262	48,874	<b>110,821</b>
2025	46,599	18,001	50,966	<b>115,566</b>
2026	48,594	18,762	53,149	<b>120,505</b>
2027	50,675	19,576	55,245	<b>125,496</b>
Thereafter	<u>5,788,224</u>	<u>3,696,950</u>	<u>10,089,299</u>	<b><u>19,574,473</u></b>
<b>TOTAL</b>	<b><u>5,996,850</u></b>	<b><u>3,777,533</u></b>	<b><u>10,317,300</u></b>	<b><u>20,091,683</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2023**

**NOTE 7 - Long-Term Obligations - Continued**

At December 31, 2022, Component Unit other long term liabilities consisted of:

Valley View Developer Fee payable. The Company has entered into a development agreement with Marian Development Group, LLC and Southern Indiana Community Housing Corporation. The agreement provides for development fee and overhead in the amount of \$767,687 for services in connection with the development of the Project and supervision of construction. As of December 31, 2022, \$685,539 of the fee was earned and capitalized to rental property. As of December 31, 2022, \$558,568 remains payable.

Cross Creek Developer Fee payable. The Company has entered into a development agreement with Marian Development Group, LLC and Southern Indiana Community Housing Corporation. The agreement provides for development fee and overhead in the amount of \$1,132,330 for services in connection with the development of the Project and supervision of construction. As of December 31, 2022, \$1,132,330 of the fee was earned and capitalized to rental property. As of December 31, 2022, \$1,055,863 remains payable.

Riverside Developer Fee payable. The Company has entered into a development agreement with Marian Development Group, LLC and Southern Indiana Community Housing Corporation. The agreements provide for development fee and overhead in the amount of \$2,303,043 for services in connection with the development of the Project and supervision of construction. As of December 31, 2022, \$1,923,861 of the fee was earned and capitalized to rental property. As of December 31, 2022, \$1,538,236 remains payable.

**NOTE 8 - Derivative Instruments and Hedging Activities**

During the period ending December 31, 2022, the Component Units have interest rate swap agreements outstanding that were used to mitigate the economic impact of changes in interest rates. The Component Units do not enter into derivative transactions for trading or other speculative purposes. The swaps are designated as cash flow hedges and are being used to offset the risk of changes in cash flows associated with benchmark interest payments on their variable rate mortgage loans. The Component Units reassess the hedges on an on-going basis to determine if they continue to be effective. The effective portion of the changes in the fair value of the hedges is reported in the statement of operations. As of December 31, 2022, there was no hedge ineffectiveness. The swaps were reported at fair value on the balance sheet as assets, as of December 31, 2022, the Component Units' balances were:

Valley View Swap asset	\$ 108,753
Cross Creek Swap asset	281,530
Riverside Swap asset	307,915
	<u>\$ 698,198</u>

**NOTE 9 - Fair Value**

The Component Units use fair value to measure certain assets and liabilities. Fair value should be based on the assumptions that market participants would use when pricing the asset or liability, and establishes the following fair value hierarchy:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Component Units have the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 9 - Fair Value - Continued**

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall with the lowest level input that is significant to the fair value measurement in its entirety.

The unrealized loss on the interest rate swaps for the period ended December 31, 2022 of \$698,198 is classified within Level 2 of the fair value hierarchy. No other assets or liabilities are measured at fair value on a recurring basis as of December 31, 2022. The following table presents the financial liability that was measured at fair value on a recurring basis as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative - Interest Rate Swap				
Valley View	\$ -	\$ 108,753	\$ -	\$ 108,753
Cross Creek	-	281,530	-	281,530
Riverside	-	307,915	-	307,915
	<u>\$ -</u>	<u>\$ 698,198</u>	<u>\$ -</u>	<u>\$ 698,198</u>

On a recurring basis, the Component Units measure their interest rate swaps at their estimated fair value. In determining the fair value of our interest rate swap derivative, the Component Units use the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. The Component Units incorporate credit valuation adjustments to appropriately reflect both the nonperformance risk of the Component Units and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or the Component Units. However, the Component Units determined that as of December 31, 2022, the impact of the credit valuation adjustments were not significant to the overall valuation of the swaps. See derivative instruments and hedging activities policy note for additional information regarding the swaps.

### **NOTE 10 - Restricted Net Position**

In accordance with guidelines established by HUD, any housing assistance payment ("HAP") budget authority provided to an Authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program which totaled \$311,819 at March 31, 2023. The Authority also had \$814 restricted for forfeited escrows. In addition, the Authority has restricted net position of \$796,884 for replacement reserves in the business activities and the blended component unit. The Authority also has \$1,380,457 restricted from Capital Fund grant proceeds to be used for loans at Riverside at Belleview, \$1,119,543 restricted from capital funds loans at Riverside, \$6,513,567 in seller notes and interest receivable for the Belleview entities, \$184,518 for previously held replacement reserves used for loans at Valley View at Belleview. Restricted net position totaled \$10,307,602 at March 31, 2023.

### **NOTE 11 - Retirement Plan**

The Housing Authority has a 457(b) deferred compensation plan through Nationwide and administered by Future Plan by Ascensus. The Plan Administrator has complete control of the administration of the Plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended. An employee shall first become an active participant on the earliest monthly date on which he/she is an eligible employee meeting the following requirements: 1) has been continuously employed by the Employer for six months; 2) has worked 1,000 hours of service in the plan year; 3) is age 21 or older. For all eligible employees, the Housing Authority will make a matching contribution equal to 50 percent of the employee's salary deferral contributions.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2023

### **NOTE 11 - Retirement Plan - Continued**

Salary deferral contributions that are over 6 percent of the employee's compensation will not be matched. Matching contributions are 100 percent vested when made. For the year ended March 31, 2023, the Housing Authority made matching contributions totaling \$49,055. In addition to matching contributions, the Housing Authority may make a discretionary contribution. Discretionary contributions totaled \$67,695 for the year ended March 31, 2023.

The Housing Authority also has a non-contributory, defined contribution profit sharing plan through Nationwide, and administered by Future Plan by Ascensus, which covers substantially all employees who were employed prior to the adoption of the 457(b) plan. The Plan is approved by HUD. Employees hired prior to January 1, 2002, may be given a discretionary basic contribution each plan year by the Housing Authority. Total expense under this Plan was \$99,497 for the year ended March 31, 2023.

Other than the above mentioned pension plans, the Housing Authority does not participate in Other Post-Employment Benefits.

### **NOTE 12 - Income Taxes**

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

### **NOTE 13 - Risk Management**

The Housing 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 Housing 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 Housing 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. Insurance settlements have not exceeded insurance coverage in any of the past three years.

### **NOTE 14 - Contingencies**

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

### **NOTE 15 - Economic Dependency**

The Housing Authority received approximately 85 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

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

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION**  
**MARCH 31, 2023**

ASSETS	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>CURRENT ASSETS</b>						
Cash and investments	\$ 646,405	\$ 3,073,700	\$ 752,013	\$ -	\$ -	\$ 49,316
Cash and investments - restricted	-	193,809	15,819	327,401	-	1,766,315
Receivables						
Tenants, net of allowance for doubtful accounts	-	4,077	169	-	-	100
Other, net of allowance for doubtful accounts	-	33,057	1,826	3,645	-	1,818
Accounts receivable - HUD	274,209	4,689	22,608	33,975	64,327	-
Due from other programs	79,894	204,314	26,440	-	-	303,923
Due from other governments	-	-	-	-	-	-
Inventory, net of allowance for obsolescence	-	123,955	15,288	-	-	-
Prepaid expenses	-	34,124	12,839	3,424	-	49,555
<b>TOTAL CURRENT ASSETS</b>	<u>1,000,508</u>	<u>3,671,725</u>	<u>847,002</u>	<u>368,445</u>	<u>64,327</u>	<u>2,171,027</u>
<b>NONCURRENT ASSETS</b>						
<b>CAPITAL ASSETS, at cost</b>						
Land	-	-	-	-	-	1,973,598
Land improvements	-	3,451,531	473,807	-	-	112,072
Buildings and improvements	-	21,575,353	2,760,138	-	-	1,819,116
Equipment	-	1,200,351	196,515	68,789	-	83,036
Construction work in progress	-	-	-	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<u>-</u>	<u>26,227,235</u>	<u>3,430,460</u>	<u>68,789</u>	<u>-</u>	<u>3,987,822</u>
Less accumulated depreciation and amortization	-	(20,484,231)	(2,711,661)	(67,568)	-	(1,202,194)
<b>NET CAPITAL ASSETS</b>	<u>-</u>	<u>5,743,004</u>	<u>718,799</u>	<u>1,221</u>	<u>-</u>	<u>2,785,628</u>
<b>OTHER ASSETS</b>						
Notes receivable	-	-	-	-	-	8,140,110
Interest receivable	-	-	-	-	-	202,098
Leased assets, net of accumulated amortization	-	17,127	2,974	7,454	-	275
<b>TOTAL OTHER ASSETS</b>	<u>-</u>	<u>17,127</u>	<u>2,974</u>	<u>7,454</u>	<u>-</u>	<u>8,342,483</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>-</u>	<u>5,760,131</u>	<u>721,773</u>	<u>8,675</u>	<u>-</u>	<u>11,128,111</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,000,508</u>	<u>\$ 9,431,856</u>	<u>\$ 1,568,775</u>	<u>\$ 377,120</u>	<u>\$ 64,327</u>	<u>\$ 13,299,138</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**MARCH 31, 2023**

<u>ASSETS</u>	<u>COMPONENT UNIT</u>			<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
	<u>SICHC</u>	<u>CDBG</u>	<u>COCC</u>		
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 31,404	\$ -	\$ -		\$ 4,552,838
Cash and investments - restricted	637,932	-	-		2,941,276
Receivables					
Tenants, net of allowance for doubtful accounts	126	-	-	-	4,472
Other, net of allowance for doubtful accounts	153,959	-	147,483	-	341,788
Accounts receivable - HUD	-	-	-	-	399,808
Due from other programs	-	-	-	(614,571)	-
Due from other governments	-	19,364	-	-	19,364
Inventory, net of allowance for obsolescence	26,930	-	-	-	166,173
Prepaid expenses	15,345	-	11,360	-	126,647
<b>TOTAL CURRENT ASSETS</b>	<u>865,696</u>	<u>19,364</u>	<u>158,843</u>	<u>(614,571)</u>	<u>8,552,366</u>
<b>NONCURRENT ASSETS</b>					
<b>CAPITAL ASSETS, at cost</b>					
Land	595,654	-	-	-	2,569,252
Land improvements	962,522	-	-	-	4,999,932
Buildings and improvements	5,818,793	-	-	-	31,973,400
Equipment	107,951	-	284,552	-	1,941,194
Construction work in progress	122,615	-	5,580	-	128,195
<b>TOTAL CAPITAL ASSETS</b>	<u>7,607,535</u>	<u>-</u>	<u>290,132</u>	<u>-</u>	<u>41,611,973</u>
Less accumulated depreciation and amortization	(5,549,857)	-	(203,453)	-	(30,218,964)
<b>NET CAPITAL ASSETS</b>	<u>2,057,678</u>	<u>-</u>	<u>86,679</u>	<u>-</u>	<u>11,393,009</u>
<b>OTHER ASSETS</b>					
Notes receivable	-	-	-	-	8,140,110
Interest receivable	-	-	-	-	202,098
Less accumulated depreciation and amortization	3,690	-	12,364	-	43,884
<b>TOTAL OTHER ASSETS</b>	<u>3,690</u>	<u>-</u>	<u>12,364</u>	<u>-</u>	<u>8,386,092</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,061,368</u>	<u>-</u>	<u>99,043</u>	<u>-</u>	<u>19,779,101</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,927,064</u>	<u>\$ 19,364</u>	<u>\$ 257,886</u>	<u>\$ (614,571)</u>	<u>\$ 28,331,467</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**MARCH 31, 2023**

<u>LIABILITIES AND NET POSITION</u>	PUBLIC HOUSING				SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4	SECTION 8			
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable	\$ 379,599	\$ 69,291	\$ 60,965	\$ 10,978	\$ 4,986	\$ 34,838	
Accounts payable - HUD	-	-	-	3,147	-	-	
Accrued payroll liabilities	-	26,355	2,563	10,362	4,334	673	
Compensated absences	-	42,676	4,455	15,597	-	467	
Unearned revenue	-	59,029	4,337	-	-	4,350	
Due to other programs	-	-	-	177,565	55,007	-	
Due to other governments	1,825	46,597	135	-	-	3,358	
Tenants' security deposits	-	97,875	15,819	-	-	10,211	
Other accrued liabilities	901	86,404	5,508	3,875	-	3,812	
Current portion of line of credit	-	-	-	-	-	1,000,000	
<b>TOTAL CURRENT LIABILITIES</b>	<b>382,325</b>	<b>428,227</b>	<b>93,782</b>	<b>221,524</b>	<b>64,327</b>	<b>1,057,709</b>	
<b>NONCURRENT LIABILITIES</b>							
Copier lease	-	17,298	3,004	7,530	-	277	
Tenants' FSS escrow	-	71,339	-	11,626	-	-	
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>88,637</b>	<b>3,004</b>	<b>19,156</b>	<b>-</b>	<b>277</b>	
<b>TOTAL LIABILITIES</b>	<b>382,325</b>	<b>516,864</b>	<b>96,786</b>	<b>240,680</b>	<b>64,327</b>	<b>1,057,986</b>	
<b>NET POSITION</b>							
Net investment in capital assets	-	5,743,004	718,799	1,221	-	1,785,628	
Restricted	-	814	-	311,819	-	9,389,213	
Unrestricted	618,183	3,171,174	753,190	(176,600)	-	1,066,311	
<b>TOTAL NET POSITION</b>	<b>618,183</b>	<b>8,914,992</b>	<b>1,471,989</b>	<b>136,440</b>	<b>-</b>	<b>12,241,152</b>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,000,508</b>	<b>\$ 9,431,856</b>	<b>\$ 1,568,775</b>	<b>\$ 377,120</b>	<b>\$ 64,327</b>	<b>\$ 13,299,138</b>	

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**MARCH 31, 2023**

<u>LIABILITIES AND NET POSITION</u>	<u>COMPONENT UNIT</u>			<u>ELIMINATING</u>	<u>TOTAL</u>
	<u>SICHC</u>	<u>CDBG</u>	<u>COCC</u>	<u>ENTRY</u>	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 20,014	\$ -	\$ 54,258	\$ -	\$ 634,929
Accounts payable - HUD	-	-	-	-	3,147
Accrued payroll liabilities	3,047	-	15,844	-	63,178
Compensated absences	6,865	-	28,890	-	98,950
Unearned revenue	4,067	-	1,810	-	73,593
Due to other programs	74,213	19,364	288,422	(614,571)	-
Due to other governments	17,249	-	-	-	69,164
Tenants' security deposits	32,176	-	-	-	156,081
Other accrued liabilities	2,184	-	8,737	-	111,421
Current portion of line of credit	-	-	-	-	1,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>159,815</b>	<b>19,364</b>	<b>397,961</b>	<b>(614,571)</b>	<b>2,210,463</b>
<b>NONCURRENT LIABILITIES</b>					
Copier lease	3,728	-	12,488	-	44,325
Tenants' FSS escrow	-	-	-	-	82,965
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>3,728</b>	<b>-</b>	<b>12,488</b>	<b>-</b>	<b>127,290</b>
<b>TOTAL LIABILITIES</b>	<b>163,543</b>	<b>19,364</b>	<b>410,449</b>	<b>(614,571)</b>	<b>2,337,753</b>
<b>NET POSITION</b>					
Net investment in capital assets	2,057,678	-	86,679	-	10,393,009
Restricted	605,756	-	-	-	10,307,602
Unrestricted	100,087	-	(239,242)	-	5,293,103
<b>TOTAL NET POSITION</b>	<b>2,763,521</b>	<b>-</b>	<b>(152,563)</b>	<b>-</b>	<b>25,993,714</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,927,064</b>	<b>\$ 19,364</b>	<b>\$ 257,886</b>	<b>\$ (614,571)</b>	<b>\$ 28,331,467</b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MARCH 31, 2023**

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>OPERATING REVENUE</b>						
Dwelling rental	\$ 67,733	\$ 1,128,457	\$ 175,822	\$ -	\$ -	\$ 73,322
Operating grants	1,986,902	2,351,386	2,871,392	6,073,542	288,535	127,366
Other operating revenue	20,977	275,114	27,432	18,086	-	5,937
<b>TOTAL OPERATING REVENUE</b>	<b>2,075,612</b>	<b>3,754,957</b>	<b>3,074,646</b>	<b>6,091,628</b>	<b>288,535</b>	<b>206,625</b>
<b>OPERATING EXPENSES</b>						
Administration	205,111	1,280,145	252,164	646,875	2,467	82,707
Tenant services	112,457	241,878	12,704	48,442	254,048	2,326
Utilities	49,488	657,883	174,468	-	-	35,079
Maintenance and operations	1,545,477	1,537,365	2,532,946	-	-	68,047
General expenses	26,701	580,564	141,694	63,097	32,020	37,087
Protective services	8,391	40,943	19,832	-	-	538
Housing assistance payments	-	-	-	5,223,345	-	-
Depreciation and amortization	65,913	701,285	94,740	3,430	-	96,612
<b>TOTAL OPERATING EXPENSES</b>	<b>2,013,538</b>	<b>5,040,063</b>	<b>3,228,548</b>	<b>5,985,189</b>	<b>288,535</b>	<b>322,396</b>
<b>OPERATING INCOME (LOSS)</b>	<b>62,074</b>	<b>(1,285,106)</b>	<b>(153,902)</b>	<b>106,439</b>	<b>-</b>	<b>(115,771)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Interest income	9,458	57,809	11,271	500	-	100,426
Gain on disposition of fixed assets	(850,548)	34,621	(954,620)	-	-	970
Operating transfers in	-	22,288	750,000	-	-	665,381
Operating transfers out	(772,288)	-	-	-	-	(665,381)
Interest expense	-	(370)	(64)	(161)	-	(36,384)
Casualty loss	-	(1,524)	-	-	-	-
<b>NET NONOPERATING (EXPENSES) REVENUE</b>	<b>(1,613,378)</b>	<b>112,824</b>	<b>(193,413)</b>	<b>339</b>	<b>-</b>	<b>65,012</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<b>(1,551,304)</b>	<b>(1,172,282)</b>	<b>(347,315)</b>	<b>106,778</b>	<b>-</b>	<b>(50,759)</b>
<b>CAPITAL GRANTS</b>	<b>-</b>	<b>34,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,551,304)</b>	<b>(1,137,511)</b>	<b>(347,315)</b>	<b>106,778</b>	<b>-</b>	<b>(50,759)</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>2,169,487</b>	<b>10,052,503</b>	<b>1,819,304</b>	<b>29,662</b>	<b>-</b>	<b>12,291,911</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 618,183</b>	<b>\$ 8,914,992</b>	<b>\$ 1,471,989</b>	<b>\$ 136,440</b>	<b>\$ -</b>	<b>\$ 12,241,152</b>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued**  
**YEAR ENDED MARCH 31, 2023**

	COMPONENT UNIT		COCC	ELIMINATING ENTRY	TOTAL
	SICHC	CDBG			
<b>OPERATING REVENUE</b>					
Dwelling rental	\$ 357,314	\$ -	\$ -	\$ -	\$ 1,802,648
Operating grants	435,006	19,364	-	(562,372)	13,591,121
Other operating revenue	35,324	-	1,011,483	(1,033,544)	360,809
<b>TOTAL OPERATING REVENUE</b>	<u>827,644</u>	<u>19,364</u>	<u>1,011,483</u>	<u>(1,595,916)</u>	<u>15,754,578</u>
<b>OPERATING EXPENSES</b>					
Administration	216,558	3,699	1,164,793	(1,033,544)	2,820,975
Tenant services	48,441	9,800	-	-	730,096
Utilities	185,495	-	-	-	1,102,413
Maintenance and operations	233,805	5,865	11,499	-	5,935,004
General expenses	101,984	-	87,362	-	1,070,509
Protective services	27,014	-	-	-	96,718
Housing assistance payments	-	-	-	(562,372)	4,660,973
Depreciation and amortization	93,422	-	41,722	-	1,097,124
<b>TOTAL OPERATING EXPENSES</b>	<u>906,719</u>	<u>19,364</u>	<u>1,305,376</u>	<u>(1,595,916)</u>	<u>17,513,812</u>
<b>OPERATING (LOSS)</b>	<u>(79,075)</u>	<u>-</u>	<u>(293,893)</u>	<u>-</u>	<u>(1,759,234)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>					
Interest income	6,338	-	1,913	-	187,715
Gain on disposition of fixed assets	(179,951)	-	-	-	(1,949,528)
Operating transfers in	75,000	-	-	(1,512,669)	-
Operating transfers out	(75,000)	-	-	1,512,669	-
Interest expense	(80)	-	(267)	-	(37,326)
Casualty loss	-	-	-	-	(1,524)
<b>NET NONOPERATING (EXPENSES) REVENUE</b>	<u>(173,693)</u>	<u>-</u>	<u>1,646</u>	<u>-</u>	<u>(1,800,663)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS</b>	<u>(252,768)</u>	<u>-</u>	<u>(292,247)</u>	<u>-</u>	<u>(3,559,897)</u>
<b>CAPITAL GRANTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,771</u>
<b>CHANGE IN NET POSITION</b>	<u>(252,768)</u>	<u>-</u>	<u>(292,247)</u>	<u>-</u>	<u>(3,525,126)</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>3,016,289</u>	<u>-</u>	<u>139,684</u>	<u>-</u>	<u>29,518,840</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 2,763,521</u>	<u>\$ -</u>	<u>\$ (152,563)</u>	<u>\$ -</u>	<u>\$ 25,993,714</u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2023**

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from tenants/participants	\$ 41,914	\$ 1,162,667	\$ 177,701	\$ -	\$ -	\$ 72,038
Cash received from operating grants	1,726,186	2,351,559	2,848,909	6,086,586	262,260	127,366
Other income received	21,374	264,557	25,606	12,530	-	5,937
Cash (payments for) interfund services provided	(79,894)	(204,314)	(26,440)	177,565	55,007	(303,923)
Cash payments to vendors	(1,501,272)	(2,976,530)	(3,023,235)	(419,439)	(74,851)	(176,436)
Cash payments to employees	(86,287)	(1,214,819)	(98,857)	(315,185)	(207,709)	(12,598)
Cash payments for housing assistance	-	-	-	(5,223,345)	-	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>122,021</u>	<u>(616,880)</u>	<u>(96,316)</u>	<u>318,712</u>	<u>34,707</u>	<u>(287,616)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital grants	-	34,771	-	-	-	-
Proceeds from sale of capital assets	-	34,621	70,393	-	-	970
Acquisition of capital assets	-	(221,825)	(8,144)	-	-	(50,561)
Lease payment	-	(1,386)	(240)	(602)	-	(23)
Proceeds from line of credit	-	-	-	-	-	326,959
Interest paid	-	(370)	(64)	(161)	-	(36,384)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(154,189)</u>	<u>61,945</u>	<u>(763)</u>	<u>-</u>	<u>240,961</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Casualty loss	-	(1,524)	-	-	-	-
Operating transfers in	(750,000)	-	750,000	-	-	-
<b>NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(750,000)</u>	<u>(1,524)</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Notes receivable issued	-	-	-	-	-	(1,734,924)
Interest received	9,458	57,809	11,271	500	-	6,709
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>9,458</u>	<u>57,809</u>	<u>11,271</u>	<u>500</u>	<u>-</u>	<u>(1,728,215)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH INVESTMENTS</b>	(618,521)	(714,784)	726,900	318,449	34,707	(1,774,870)
<b>CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR</b>	<u>1,264,926</u>	<u>3,982,293</u>	<u>40,932</u>	<u>8,952</u>	<u>(34,707)</u>	<u>3,590,501</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<u>\$ 646,405</u>	<u>\$ 3,267,509</u>	<u>\$ 767,832</u>	<u>\$ 327,401</u>	<u>\$ -</u>	<u>\$ 1,815,631</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2023**

	COMPONENT UNIT			ELIMINATING ENTRY	TOTAL
	SICHC	CDBG	COCC		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from tenants/participants	\$ 358,041	\$ -	\$ -	\$ -	\$ 1,812,361
Cash received from operating grants	435,006	-	-	(562,372)	13,275,500
Other income received	24,665	-	871,829	(1,033,544)	192,954
Cash received from interfund services provided	74,213	19,364	288,422	-	-
Cash payments to vendors	(780,920)	(19,364)	(643,748)	1,033,544	(8,582,251)
Cash payments to employees	(163,159)	-	(602,626)	-	(2,701,240)
Cash payments for housing assistance	-	-	-	562,372	(4,660,973)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<u>(52,154)</u>	<u>-</u>	<u>(86,123)</u>	<u>-</u>	<u>(663,649)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants	-	-	-	-	34,771
Proceeds from sale of capital assets	19,000	-	-	-	124,984
Acquisition of capital assets	(155,038)	-	(5,580)	-	(441,148)
Lease payment	(298)	-	(1,000)	-	(3,549)
Proceeds from line of credit	-	-	-	-	326,959
Interest paid	(80)	-	(267)	-	(37,326)
<b>NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(136,416)</u>	<u>-</u>	<u>(6,847)</u>	<u>-</u>	<u>4,691</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Casualty loss	-	-	-	-	(1,524)
Operating transfers (out) in	-	-	-	-	-
<b>NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,524)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Notes receivable issued	-	-	-	-	(1,734,924)
Interest received	6,338	-	1,913	-	93,998
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>6,338</u>	<u>-</u>	<u>1,913</u>	<u>-</u>	<u>(1,640,926)</u>
<b>NET (DECREASE) IN CASH AND CASH INVESTMENTS</b>	(182,232)	-	(91,057)	-	(2,301,408)
<b>CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR</b>	<u>851,568</u>	<u>-</u>	<u>91,057</u>	<u>-</u>	<u>9,795,522</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<u>\$ 669,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,494,114</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2023**

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b><u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u></b>						
Cash and investments	\$ 646,405	\$ 3,073,700	\$ 752,013	\$ -	\$ -	\$ 49,316
Cash and investments - restricted	-	193,809	15,819	327,401	-	1,766,315
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 646,405</u></b>	<b><u>\$ 3,267,509</u></b>	<b><u>\$ 767,832</u></b>	<b><u>\$ 327,401</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,815,631</u></b>
<b><u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u></b>						
Operating income (loss)	\$ 62,074	\$ (1,285,106)	\$ (153,902)	\$ 106,439	\$ -	\$ (115,771)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	65,913	701,285	94,740	3,430	-	96,612
Changes in assets and liabilities						
Decrease (increase) in assets						
Accounts receivable	1,281	(12,103)	(1,294)	(5,556)	-	(1,768)
Accounts receivable - HUD	(260,716)	173	(22,483)	9,897	(26,275)	-
Due from other programs	(79,894)	(204,314)	(26,440)	-	-	(303,923)
Due from other government	-	-	-	-	-	-
Inventory	2,026	39,631	5,351	-	-	-
Prepaid expenses	13,842	18,177	10,455	12,969	-	717
Increase (decrease) in liabilities						
Accounts payable	357,218	36,825	(6,121)	6,020	4,881	33,520
Accounts payable - HUD	-	-	-	3,147	-	-
Accrued expenses	(6,881)	44,754	1,896	6,230	1,094	1,645
Unearned revenue	(6,925)	10,536	(1,092)	-	-	1,159
Due to other programs	-	-	-	177,565	55,007	-
Due to other governments	(6,139)	8,042	135	-	-	868
Tenants' FSS escrow, non-current portion	(926)	9,993	-	(1,429)	-	-
Tenants' security deposits	(18,852)	15,227	2,439	-	-	(675)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 122,021</u></b>	<b><u>\$ (616,880)</u></b>	<b><u>\$ (96,316)</u></b>	<b><u>\$ 318,712</u></b>	<b><u>\$ 34,707</u></b>	<b><u>\$ (287,616)</u></b>

(Continued on page 44)

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2023**

	COMPONENT UNIT			ELIMINATING ENTRY	TOTAL
	SICHC	CDBG	COCC		
<b><u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u></b>					
Cash and investments	\$ 31,404	\$ -	\$ -	\$ -	\$ 4,552,838
Cash and investments - restricted	<u>637,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,941,276</u>
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 669,336</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,494,114</u></b>
<b><u>RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u></b>					
Operating (loss)	\$ (79,075)	\$ -	\$ (293,893)	\$ -	\$ (1,759,234)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities					
Depreciation	93,422	-	41,722	-	1,097,124
Changes in assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	(123,724)	-	(140,742)	-	(283,906)
Accounts receivable - HUD	-	-	-	-	(299,404)
Due from other programs	-	-	-	614,571	-
Due from other governments	-	(19,364)	-	-	(19,364)
Inventory	(4,050)	-	-	-	42,958
Prepaid expenses	3,770	-	8,395	-	68,325
(Decrease) increase in liabilities					
Accounts payable	(3,176)	-	22,052	-	451,219
Accounts payable - HUD	-	-	-	-	3,147
Accrued expenses	1,030	-	(13,167)	-	36,601
Unearned revenue	(10,659)	-	1,088	-	(5,893)
Due to other programs	74,213	19,364	288,422	(614,571)	-
Due to other governments	(4,296)	-	-	-	(1,390)
Tenants' FSS escrow, non-current portion	-	-	-	-	7,638
Tenants' security deposits	391	-	-	-	(1,470)
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ (52,154)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (86,123)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (663,649)</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS**  
**DECEMBER 31, 2022**

<u>ASSETS</u>	<u>CROSS CREEK AT BELLEVIEW, LLP</u>	<u>VALLEY VIEW AT BELLEVIEW, LLP</u>	<u>RIVERSIDE AT BELLEVIEW, LLP</u>	<u>TOTAL</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 543	\$ 10,683	\$ 182,746	\$ 193,972
Cash and cash equivalents - restricted	40,448	32,283	75,627	148,358
Receivables				
Tenants, net of allowance for doubtful accounts	2,063	7,135	1,159	10,357
Other, net of allowance for doubtful accounts	3,401	7,476	46,541	57,418
Accounts receivable - HUD	179	-	-	179
Miscellaneous assets	281,530	108,753	307,915	698,198
Prepaid expenses	17,463	7,210	11,352	36,025
<b>TOTAL CURRENT ASSETS</b>	<u>345,627</u>	<u>173,540</u>	<u>625,340</u>	<u>1,144,507</u>
<b>NONCURRENT ASSETS</b>				
Land improvements	466,122	393,275	1,678,952	2,538,349
Buildings	7,984,100	4,230,752	11,117,726	23,332,578
Equipment	269,384	244,588	244,588	758,560
Less accumulated depreciation	(195,580)	(101,756)	(243,552)	(540,888)
Miscellaneous other assets	386,307	44,264	149,828	580,399
<b>TOTAL NONCURRENT ASSETS</b>	<u>8,910,333</u>	<u>4,811,123</u>	<u>12,947,542</u>	<u>26,668,998</u>
 <b>TOTAL ASSETS</b>	 <u><b>\$ 9,255,960</b></u>	 <u><b>\$ 4,984,663</b></u>	 <u><b>\$ 13,572,882</b></u>	 <u><b>\$ 27,813,505</b></u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS - Continued  
DECEMBER 31, 2022

<u>LIABILITIES AND NET POSITION</u>	<u>CROSS CREEK AT BELLEVIEW, LLP</u>	<u>VALLEY VIEW AT BELLEVIEW, LLP</u>	<u>RIVERSIDE AT BELLEVIEW, LLP</u>	<u>TOTAL</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 526,605	\$ 243,679	\$ 663,525	\$ 1,433,809
Accrued interest	3,856	19,721	58,850	82,427
Unearned revenue	8,511	2,720	8,433	19,664
Tenants' security deposits	4,791	11,788	16,419	32,998
Current portion of long-term obligations	18,073	6,982	19,767	44,822
TOTAL CURRENT LIABILITIES	<u>561,836</u>	<u>284,890</u>	<u>766,994</u>	<u>1,613,720</u>
<b>NONCURRENT LIABILITIES</b>				
Other long-term liabilities	1,055,863	558,568	1,538,236	3,152,667
Notes payable	5,758,875	3,632,445	9,910,449	19,301,769
TOTAL NONCURRENT LIABILITIES	<u>6,814,738</u>	<u>4,191,013</u>	<u>11,448,685</u>	<u>22,454,436</u>
TOTAL LIABILITIES	<u>7,376,574</u>	<u>4,475,903</u>	<u>12,215,679</u>	<u>24,068,156</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,765,151	1,134,414	2,887,265	6,786,830
Unrestricted	(885,765)	(625,654)	(1,530,062)	(3,041,481)
TOTAL NET POSITION	<u>1,879,386</u>	<u>508,760</u>	<u>1,357,203</u>	<u>3,745,349</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 9,255,960</u></b>	<b><u>\$ 4,984,663</u></b>	<b><u>\$ 13,572,882</u></b>	<b><u>\$ 27,813,505</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND**  
**CHANGES IN NET POSITION - COMPONENT UNITS**  
**YEAR ENDED DECEMBER 31, 2022**

	CROSS CREEK AT BELLEVIEW, LLP	VALLEY VIEW AT BELLEVIEW, LLP	RIVERSIDE AT BELLEVIEW, LLP	TOTAL
<b>OPERATING REVENUE</b>				
Dwelling rental	\$ 42,192	\$ 34,980	\$ 91,331	\$ 168,503
Operating grants	186,496	126,654	840,736	1,153,886
Other operating revenue	336,848	4,303	39,690	380,841
<b>TOTAL OPERATING REVENUE</b>	<u>565,536</u>	<u>165,937</u>	<u>971,757</u>	<u>1,703,230</u>
<b>OPERATING EXPENSES</b>				
Administration	105,699	118,401	248,420	472,520
Utilities	60,119	11,770	170,258	242,147
Maintenance and operations	75,671	82,212	397,856	555,739
General expenses	23,805	19,737	37,978	81,520
Depreciation and amortization	124,939	63,645	154,320	342,904
<b>TOTAL OPERATING EXPENSES</b>	<u>390,233</u>	<u>295,765</u>	<u>1,008,832</u>	<u>1,694,830</u>
<b>OPERATING (LOSS) INCOME</b>	<u>175,303</u>	<u>(129,828)</u>	<u>(37,075)</u>	<u>8,400</u>
<b>NONOPERATING (EXPENSE) REVENUE</b>				
Interest Income	821,617	317,384	898,619	2,037,620
Interest expense	(38,623)	(32,986)	(201,148)	(272,757)
<b>NET NONOPERATING (EXPENSE) REVENUE</b>	<u>782,994</u>	<u>284,398</u>	<u>697,471</u>	<u>1,764,863</u>
<b>CHANGE IN NET POSITION</b>	958,297	154,570	660,396	1,773,263
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>921,089</u>	<u>354,190</u>	<u>696,807</u>	<u>1,972,086</u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ 1,879,386</b></u>	<u><b>\$ 508,760</b></u>	<u><b>\$ 1,357,203</b></u>	<u><b>\$ 3,745,349</b></u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS**  
**YEAR ENDED DECEMBER 31, 2022**

	CROSS CREEK AT BELLEVIEW, LLP	VALLEY VIEW AT BELLEVIEW, LLP	RIVERSIDE AT BELLEVIEW, LLP	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from tenants/participants	\$ 47,596	\$ 15,640	\$ 106,999	\$ 170,235
Cash received from operating grants	186,496	126,654	840,736	1,153,886
Other income received	334,480	4,303	36,025	374,808
Cash payments to vendors	(190,843)	(233,804)	(657,170)	(1,081,817)
Cash payments to employees	(64,980)	(42,526)	(161,075)	(268,581)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>312,749</u>	<u>(129,733)</u>	<u>165,515</u>	<u>348,531</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(2,391,258)	(1,954,216)	(6,003,045)	(10,348,519)
Loan proceeds	2,561,846	2,083,868	6,060,902	10,706,616
Miscellaneous financial expenses	(422,510)	(20,252)	(10,912)	(453,674)
Interest paid	(41,198)	(27,593)	(187,144)	(255,935)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(293,120)</u>	<u>81,807</u>	<u>(140,199)</u>	<u>(351,512)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of intangible assets	<u>(35,417)</u>	<u>(30,319)</u>	<u>(106,993)</u>	<u>(172,729)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,788)	(78,245)	(81,677)	(175,710)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>56,779</u>	<u>121,211</u>	<u>340,050</u>	<u>518,040</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 40,991</u></b>	<b><u>\$ 42,966</u></b>	<b><u>\$ 258,373</u></b>	<b><u>\$ 342,330</u></b>

(Continued on page 49)

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - COMPONENT UNITS - Continued**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>CROSS CREEK AT BELLEVIEW, LLP</u>	<u>VALLEY VIEW AT BELLEVIEW, LLP</u>	<u>RIVERSIDE AT BELLEVIEW, LLP</u>	<u>TOTAL</u>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u></b>				
Cash and cash equivalents	\$ 543	\$ 10,683	\$ 182,746	\$ 193,972
Cash and cash equivalents - restricted	40,448	32,283	75,627	148,358
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 40,991</u></b>	<b><u>\$ 42,966</u></b>	<b><u>\$ 258,373</u></b>	<b><u>\$ 342,330</u></b>
<b><u>RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u></b>				
Operating (loss) income	\$ 175,303	\$ (129,828)	\$ (37,075)	\$ 8,400
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities				
Depreciation and amortization	124,939	63,645	154,320	342,904
Changes in assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	2,038	(6,716)	10,267	5,589
Accounts receivable - other	(2,368)	(3,323)	-	(5,691)
Prepaid expenses	(15,811)	(5,612)	(6,557)	(27,980)
(Decrease) increase in liabilities				
Accounts payable	7,209	(38,598)	42,824	11,435
Accrued liabilities - other	18,073	-	-	18,073
Unearned revenue	2,962	(9,057)	(3,665)	(9,760)
Tenants' security deposits	404	(244)	5,401	5,561
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 312,749</u></b>	<b><u>\$ (129,733)</u></b>	<b><u>\$ 165,515</u></b>	<b><u>\$ 348,531</u></b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**MARCH 31, 2023**

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IN36P01250116</u>
Funds approved	\$ 1,494,277
Funds expended	<u>1,494,277</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u>\$ -</u></b>
HUD grants	\$ 1,494,277
Funds expended	<u>1,494,277</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u>\$ -</u></b>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated February 3, 2023, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All Modernization costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**MARCH 31, 2023**

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IN36P01250117</u>
Funds approved	\$ 1,461,803
Funds expended	<u>1,461,803</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u>\$ -</u></b>
HUD grants	\$ 1,461,803
Funds expended	<u>1,461,803</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u>\$ -</u></b>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated February 13, 2023, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All Modernization costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MARCH 31, 2023**

<u>GRANTOR/PASS-THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANT IDENTIFICATION NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> - Direct Programs				
Housing Voucher Cluster	14.871	N/A		
Section 8 Housing Choice Vouchers			-	\$ 6,036,059
Other Public Housing Authorities			-	<u>37,483</u>
Total Housing Voucher Cluster				6,073,542
Public and Indian Housing	14.850	N/A	-	3,019,224
Resident Opportunity & Support Services - Service Coordinator	14.870	N/A	-	71,592
Public Housing Capital Fund	14.872	N/A	-	4,225,226
Family Self-Sufficiency Program	14.896	N/A	-	216,943
CDBG Entitlement Cluster – Pass-Through From City of New Albany Community Development Block Grant	14.218	B-22-MC-18-0018	-	<u>19,364</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 13,625,891</u></b>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of New Albany and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts presented in this schedule equal the amounts used in the presentation of, the financial statements.

**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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of New Albany has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Note 3 - Disclosure of Other Forms of Assistance**

The Housing Authority of the City of New Albany received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended March 31, 2023.

The Housing Authority of the City of New Albany had no loans or loan guarantees required to be disclosed for the fiscal year ended March 31, 2023.

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

**OTHER REPORTS**



**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***

To the Board of Commissioners  
Housing Authority of the City of New Albany  
New Albany, 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 Housing Authority of the City of New Albany (the "Housing Authority"), as of and for the year ended March 31, 2023, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated December 28, 2023. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units as described in our report on Housing Authority of the City of New Albany's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
December 28, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on each Major Federal Program***

We have audited Housing Authority of the City of New Albany's (the "Housing Authority") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended March 31, 2023. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of New Albany's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
December 28, 2023

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED MARCH 31, 2023**

**Section I - Summary of Auditors' Results**

*Basic Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of federal major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Cluster/Program</u>
14.872	Public Housing Capital Fund

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings - None**

**Section III - Federal and State Award Findings and Questioned Costs - None**

**Section IV - Status of Prior Year Findings - None**