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October 15, 2015

Board of Commissioners  
Housing Authority of the City of New Albany  
PO Box 11  
New Albany, IN 47151-0011

We have reviewed the audit report prepared by Rector, Reeder & Lofton, P.C., Independent Public Accountants, for the period April 1, 2014 to March 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of New Albany as of March 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

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

**AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2015**

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

**REPORT ON EXAMINATION  
OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2015**



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY**

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Housing Authority of the  
City of New Albany  
New Albany, IN

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Chicago, Illinois 60604

**Report on Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of New Albany as of and for the year ended March 31, 2015, and the related notes to the financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinion***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of New Albany, as of March 31, 2015, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, as listed in the table of contents, should 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 inquires 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 procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Housing Authority of the City of New Albany. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2015 on our consideration of the Housing Authority of the City of New Albany's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of New Albany’s internal control over financial reporting and compliance.

  
Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
August 27, 2015

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

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED MARCH 31, 2015**

**Housing Authority of the City of New Albany  
Management's Discussion and Analysis (MD&A)  
March 31, 2015**

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, 2015.

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

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

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

The Authority is governed by a five 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 whole and about its activities in a format that helps the reader assess the results of operations for fiscal year 2015. 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 \$28,471,678 at March 31, 2015. Net Position is categorized as follows:
  - ✓ Unrestricted net position of \$10,889,816 may be used to meet the Authority's ongoing obligations to citizens and creditors.
  - ✓ Restricted net position of \$278,609 includes Section 8 Housing Choice Voucher (HCV) dollars to be used for their designated purpose according to HUD regulations of \$534 and unspent insurance reimbursement proceeds of \$278,075 to be used to replace the damaged assets in future years.
  - ✓ The remainder of \$17,303,253 represents the amount invested in land, buildings and improvements, and furniture and equipment, net of related debt.
- Total revenue increased approximately 4% from the prior fiscal year due primarily to an increase in Public Housing operating subsidy revenue provided by HUD of approximately \$307,000 and an increase in capital grant drawdowns of approximately \$337,000. For calendar year 2014, HUD provided Public Housing operating subsidy revenue at approximately 89% of the full subsidy calculation amount. For calendar year 2013, Public Housing operating subsidy revenue was approximately 82% of the full subsidy calculation amount.
- Total expenses increased by only approximately 1% from the prior fiscal year. This is somewhat misleading because the largest expense decrease from fiscal year 2014 was depreciation expense which decreased by approximately \$202,000. If that non-cash expense decrease was excluded from the analysis, total expenses would have increased by approximately 3% from the prior fiscal year. That increase is primarily due to increased administrative expenses including salary expenses due to the creation of a new position for a Director of Development and wage increases for existing staff.
- The Authority has long-term debt related to its Energy Performance Contract. In addition to regularly scheduled repayments of that debt during fiscal year 2015 totaling \$159,358, the Authority made additional payments totaling \$64,494 to pay off the debt related to two of its properties. The debt on those properties was paid off as part of a pending RAD conversion.

## Financial Highlights (Continued)

- Each year the Authority receives a Public Housing Assessment System (PHAS) score from HUD. The score is based upon a 100 point scale, with a maximum of 25 points for indicators of financial performance, 25 points for indicators of management performance, 40 points for indicators of physical conditions, and 10 points for indicators of capital fund performance. For fiscal year 2014 the Authority received an overall score of 93 which ranked the Authority as a “High Performer”. That score includes a financial score of 24 out of 25. This is one indication of the financial strength of the Authority and the ability to meet future financial obligations even in the face of reduced funding from HUD. The fiscal year 2015 score is expected to be received in October 2015.

## 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 a 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, the Low Rent Housing Program, Section 8 Housing Choice Voucher Program, Public Housing Capital Fund Program, Resident Opportunity and Supportive Services Program, Nonfederal, and Valley View Court.

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:

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:

### ***Low Rent Public Housing***

The New Albany Housing Authority owns approximately 1,082 units in developments in the City of New Albany, Indiana. The 1,082 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. Operating subsidy was prorated to approximately 89% of the full eligibility amount for calendar year 2014.

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

### ***Section 8 Housing Choice Voucher Program***

This grant program provides rental assistance to help extremely low and low-income families afford decent, safe, and sanitary rental housing. Qualifying tenants have their income analyzed utilizing HUD's guidelines and their 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 vouchers during the year ended March 31, 2015. Similar to Public Housing operating funding, Section 8 administrative funding from HUD is subject to proration due to Congressional appropriation. Section 8 administrative funding was prorated to approximately 79% of the full eligibility amount for calendar year 2014.

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

HUD awards this grant program on an annual basis. The purposes of these grants are to maintain the physical appearance 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***

HUD awards this grant program 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 in order to enhance their life experiences and promote the economic and housing self-sufficiency of those tenants.

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

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

### ***Valley View Court***

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

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

## 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 Low Rent Public Housing program and the Section 8 Housing Choice Voucher program, 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.

### Authority-Wide Condensed Financial Statements

#### Statement of Net Position

|                                  | <u>2015</u>          | <u>2014</u>          | <u>Change</u>       |
|----------------------------------|----------------------|----------------------|---------------------|
| Current & Other Assets           |                      |                      |                     |
| Cash                             | \$ 11,139,611        | \$ 10,719,465        | \$ 420,146          |
| Other Current Assets             | 850,102              | 999,844              | (149,742)           |
| Capital Assets (Net)             | <u>18,165,940</u>    | <u>18,895,018</u>    | <u>(729,078)</u>    |
| Total Assets                     | <u>\$ 30,155,653</u> | <u>\$ 30,614,327</u> | <u>\$ (458,674)</u> |
| Liabilities                      |                      |                      |                     |
| Accounts Payable                 | \$ 204,000           | \$ 275,208           | \$ (71,208)         |
| Other Current Liabilities        | 609,699              | 584,539              | 25,160              |
| Long Term Debt                   | 706,480              | 927,181              | (220,701)           |
| Non-current Liabilities          | <u>163,796</u>       | <u>205,979</u>       | <u>(42,183)</u>     |
| Total Liabilities                | <u>\$ 1,683,975</u>  | <u>\$ 1,992,907</u>  | <u>\$ (308,932)</u> |
| Net Position                     |                      |                      |                     |
| Net Investment in Capital Assets | \$ 17,303,253        | \$ 17,808,479        | \$ (505,226)        |
| Restricted                       | 278,609              | 485,069              | (206,460)           |
| Unrestricted                     | <u>10,889,816</u>    | <u>10,327,872</u>    | <u>561,944</u>      |
| Total Net Position               | <u>\$ 28,471,678</u> | <u>\$ 28,621,420</u> | <u>\$ (149,742)</u> |

### ***Major Factors Affecting the Statement of Net Position***

Total assets decreased by \$458,674 from March 31, 2014 to March 31, 2015.

Cash has increased due to efficiencies in program operation and conservation of cash for future projects. The Authority has a long term plan to demolish and rebuild units through a HUD program, known as Rental Assistance Demonstration (“RAD”), so the intent is to maintain property and avoid unnecessary improvements so that cash is conserved for rebuilding units.

Included in other current assets of \$850,102 is an unrestricted investment in CD’s totaling \$525,435, net inventory of \$138,674, prepaid expense of \$56,268, and net Accounts Receivable totaling \$129,725. Accounts Receivable includes reimbursements due the Authority from HUD for Capital Fund expenditures of \$80,194 and ROSS expenditures of \$16,607, as well as \$5,794 for additional HCV administrative fee revenue.

Capital Assets (Net) are a major component of Total Assets, and are determined by taking the March 31, 2014 net capital assets balance and adding new capital assets purchased during the year ended March 31, 2015, subtracting capital assets disposed of during the year ended March 31, 2015 (less the related accumulated depreciation), and subtracting fiscal year 2015 depreciation expense. Accumulated depreciation reflects total depreciation expense (\$1,411,977 for the fiscal year ended March 31, 2015) 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 decreased by \$71,208. A significant amount of the decrease is due to a Capital Fund payable of only \$25,629 at March 31, 2015 compared to \$52,178 at March 31, 2014. In addition, included in accounts payable at March 31, 2014 was a payable for retirement expense totaling \$38,087. At March 31, 2015 there was no retirement expense payable as payment for that expense was remitted prior to March 31. Various routine payables in each project and program account for the remainder of accounts payable.

Other current liabilities is a combination of several accounts, most of which remained similar in amount to the prior year. Ledger accounts in the other current liabilities category include liabilities for payroll, prepaid tenant rent, tenant security deposits, a portion of FSS escrow accounts, the current portion of long-term debt, and the current portion of accrued expense at Valley View for asbestos removal.

The Authority has classified \$53,778 of its FSS escrow dollars as a non-current liability because the payouts do not meet the criteria for a current liability. The balance of non-current liabilities, \$110,018, is the long term portion of accrued expense at Valley View for asbestos removal.



### ***Major Factors Affecting the Statement of Revenues***

Tenant Revenue increased approximately 4% from the prior fiscal year despite a decrease in unit months leased. This was primarily due to increases in the flat rent amounts implemented in mid-fiscal year 2015. Those increases which were mandated by HUD in order to set the flat rent amounts at a minimum of 80% of the area Fair Market Rent (FMR) resulted in increases to the flat rent amount for each bedroom size of over 55% of the previous flat rent amount.

Overall HUD Operating Grant revenue for the year ended March 31, 2015 increased from prior year amounts by approximately \$360,000. Public Housing operating subsidy revenue and Capital fund operating grant revenue increased by \$582,960, Ross grant revenue decreased by \$61,574, and Section 8 grant revenue decreased by \$160,941.

HUD operating grants are as follows:

- Public Housing subsidy \$3,914,410 (increased 8.5%);
- Section 8 grants \$2,268,956 (decreased 6.6%);
- ROSS grants \$171,105 (decreased 26.5%); and
- Capital Fund soft costs \$538,157 (increased 105.2%).

Public Housing operating subsidy increased primarily due to the fact that HUD prorated the calendar year 2013 operating subsidy award to approximately 82% of the full subsidy calculation amount, but only prorated the calendar year 2014 award to approximately 89%.

Current HUD regulations allow between 38% and 40% of a Capital Grant award to be used for soft cost operating expenses. The remaining portion of the Capital Grant award must be used for hard cost capital expenses. The increase in Capital Grant operating revenue for soft costs in fiscal year 2015 was due primarily to the timing of administrative draws (\$280,360 in fiscal year 2015 and none in fiscal year 2014). In fiscal year 2015, hard cost capital expenses and revenue totaled \$444,898. Those amounts were expended for capital assets which have been capitalized and will be depreciated over their useful lives. Soft cost operating expenses and revenue totaled \$538,157. Capitalized dollars were utilized for various projects such as renovations at Riverview Towers, Beechwood and Parkview Towers, a server upgrade and the purchase of a generator.

Section 8 HAP funding, Budget Authority, is based on historical information provided by the Authority through the Voucher Management System (VMS). This is a self-reporting of expenses required on a monthly basis which HUD uses to monitor program utilization and cost. The Authority's Budget Authority is determined by Congressional mandate and has been reduced to slightly less than 100% of the standard amount in recent years (usually around 99%). Section 8 Administrative funding is provided separately by HUD, and is based upon voucher utilization rates and other information which is also provided through VMS. Section 8 Administrative funding has been subject to significant Congressional budget cuts in recent years and was funded at approximately 79% of the full eligibility amount for calendar year 2014. Calendar year 2013 was funded at approximately 69% of the full eligibility amount.

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

Section 8 HAP funding received decreased from the prior year as result of the implementation of cash management requirements for the HCV program. The Authority was required to use its existing restricted net position in lieu of HUD disbursing additional budget authority. As part of the cash management process HUD is transitioning existing Authority-held net restricted position to HUD-held program reserves. The HUD-held program reserve balance at March 31, 2015 was \$242,144.

Recently the Authority received notice of an administrative fee underpayment for calendar year 2014. This adjustment, based on the Voucher Management System, shows the Authority was underpaid \$5,794 in administrative fee dollars based on the number of vouchers utilized. As such, the Authority has added these dollars to fiscal year 2015 revenue and recorded them as a receivable at March 31, 2015. This situation occurs because Section 8 is funded on a calendar year basis while the Authority operates on a fiscal year basis. The first quarter of the calendar year VMS is not available to be analyzed by HUD until after the start of the Authority's new fiscal year in April.

In total, the funding reductions discussed above for Public Housing, Section 8, and Capital Fund do not represent permanent reductions in the amount of funding provided to the Authority by HUD, nor does it represent guarantees that future reductions in funding will not be more extensive than the current levels.

The funding reductions shown above for ROSS grants are due to the fact that HUD experienced delays in awarding the 2014 ROSS Service Coordinator Grant. Ultimately, the Authority was awarded that grant in the amount of \$492,000 to be spent over a three year period. However, HUD did not award the grant and make the funds available until March 2015. Since the ROSS Service Coordinator grant from 2011, which the Authority Service Coordinator staff were previously operating under expired in September 2014, a six month funding gap was experienced. Since the new Service Coordinator grant was in place prior to April 1, 2015, it is expected that in fiscal year 2016, ROSS grant revenue will return to a level closer to, or in excess of, the fiscal year 2014 level.

For fiscal year 2015, total Capital Grant funding of \$983,055 was drawn down as funding was obligated and expended for approved expenses outlined in the annual formula Capital Grant budget. HUD considers the Capital Fund program an expenditure driven grant program.

Other income decreased by \$85,960 from the prior year amount. Accounts included are interest, fraud recovery, gain or loss on sale of capital assets, and miscellaneous income. During the fiscal year the Authority received \$39,134 for HAP and administrative fees related to port-in vouchers. This is a decrease of \$77,043 over the prior year. Expenses from port-in vouchers are reimbursed dollar for dollar, and the Authority receives a fee for administering the vouchers. Revenue from port-in vouchers decreased in fiscal year 2015 due to the fact that management decided to absorb most port-ins into the Authority's own Section 8 program early in the fiscal year. Also, Section 8 escrow forfeitures decreased \$20,470 over the prior fiscal year due to natural fluctuations in the timing of forfeitures.

### ***Statement of Expenses***

|                            | <u>2015</u>          | <u>2014</u>          | <u>Change</u>     |
|----------------------------|----------------------|----------------------|-------------------|
| Administrative             | \$ 1,714,146         | \$ 1,504,719         | \$ 209,427        |
| Tenant Services            | 344,283              | 342,454              | 1,829             |
| Utilities                  | 1,441,792            | 1,385,204            | 56,588            |
| Maintenance                | 1,942,979            | 1,824,730            | 118,249           |
| Housing Assistance Payment | 2,233,426            | 2,334,026            | (100,600)         |
| Depreciation               | 1,411,977            | 1,613,883            | (201,906)         |
| Protective Services        | 154,669              | 159,719              | (5,050)           |
| General Expenses           | 1,054,670            | 1,007,933            | 46,737            |
| Interest Expense           | 49,973               | 58,231               | (8,258)           |
|                            | <u>\$ 10,347,915</u> | <u>\$ 10,230,899</u> | <u>\$ 117,016</u> |

### ***Major Factors Affecting the Statement of Expenses***

Total expenses increased by 1.1% from fiscal year 2014. Administrative and maintenance expense saw the largest increases while HAP and depreciation expense had the largest decrease. The increase in administrative and maintenance expenses were primarily due to increases in salary and benefit costs. Administrative salaries and benefits increased \$192,056 primarily as a result of the creation of a new position for a Director of Development, as well as wage increases for existing staff.

Maintenance salaries and benefits increased \$59,532 primarily due to the hiring of an additional maintenance employee and wage increases for existing staff. Maintenance contract costs also increased \$76,734 primarily as a result of the cost of a physical needs assessment required as part of the RAD conversion. This increase was partially offset by a decrease of \$36,561 in maintenance material expense.

Utilities expense increased slightly from the prior fiscal year due to small rate increases from the utility providers and natural fluctuations in the weather from year to year.

Tenant services and protective services remained comparable to prior year levels.

HAP expense within the Section 8 program is the direct expense of providing housing assistance payments on behalf of program participants and utility assistance payments to program participants. The decrease in expense consists of two primary items. One component is the expense of port in vouchers for which the Authority is reimbursed dollar for dollar. Port-in HAP expense was \$35,138 in fiscal year 2015, compared to \$108,676 in fiscal year 2014 due to management's decision to absorb most port-in vouchers early in fiscal year 2015. The reimbursement is shown in other revenue in the Section 8 program, separate from HUD PHA Operating Grants. The second component is a decrease in expense for HAP payments on the Authority's vouchers. That expense decreased by \$27,062 despite the fact that 85 more unit months were leased in fiscal year 2015 as compared to fiscal year 2014, presumably due to overall increases in the income of program participants.

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

Depreciation expense decreased due to the fact that numerous assets became fully depreciated during fiscal year 2014. New assets, building improvements and other expenses were capitalized according to the Authority's capitalization policy which specified a threshold for capitalization of \$500 or more and a life expectancy of greater than one year. The capitalization threshold was increased to \$2,500 in June 2015.

General expense, consisting of various accounts, increased approximately \$47,000 from prior year level due primarily to an increase in insurance costs of almost 6% or \$24,435.

***Statement of Capital Assets***

|                            | <u>2015</u>          | <u>2014</u>          | <u>Change</u>       |
|----------------------------|----------------------|----------------------|---------------------|
| Land                       | \$ 752,042           | \$ 688,936           | \$ 63,106           |
| Buildings and improvements | 53,246,057           | 52,870,367           | 375,690             |
| Equipment-Dwelling         | 333,352              | 350,646              | (17,294)            |
| Equipment-Administration   | 1,944,150            | 2,079,829            | (135,679)           |
| Accumulated Depreciation   | (38,140,718)         | (37,094,760)         | (1,045,958)         |
| Construction in Progress   | <u>31,057</u>        | <u>-</u>             | <u>31,057</u>       |
| Total                      | <u>\$ 18,165,940</u> | <u>\$ 18,895,018</u> | <u>\$ (729,078)</u> |

***Major Factors Affecting the Statement of Capital Assets***

Capital assets, net of dispositions, increased by \$316,880 before considering the implication of accumulated depreciation.

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

Buildings and improvements increased due to various capital expenditures at each AMP. Capital funds of \$444,898 were primarily invested in renovations at Riverview Towers, Beechwood and Parkview Towers.

Equipment-Administration purchases included a generator and a server upgrade. Equipment-Administration and Equipment-Dwelling had a net decrease overall due to dispositions and/or obsolete assets which were scrapped during the year.

The increase in accumulated depreciation is due to current year depreciation expense exceeding the accumulated depreciation removed through asset dispositions throughout the fiscal year.

### ***Long Term Debt***

The Authority has long-term debt associated with its Energy Performance Contract (“EPC”) that was completed in fiscal year 2011. Old National Bank services the debt. The EPC is a municipal lease and as such, is not a secured debt. Debt service is an add-on calculation to the annual Public Housing subsidy request so the Authority anticipates no out of pocket expense for the energy improvements put in place. The balance of the loan at March 31, 2015 was \$862,687. In addition to regularly scheduled payments in fiscal year 2015, the Authority made additional payments totaling \$64,494 to pay off the debt related to two of its properties which will be converted to Project-Based Section 8 through RAD.

### **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 (approximately 72% of fiscal year 2015 revenue came from HUD grants); 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 to 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. As noted previously, Congress only funded the operating subsidy revenue at approximately 89% of the full eligibility amount for calendar year 2014. Current projections from HUD show that they will fund the operating subsidy at approximately 85% of full eligibility for calendar year 2015.

Similar to Public Housing operating subsidy funding, HUD also utilizes a formula to determine the amount of Section 8 Administrative funding they provide to the Authority. In recent years cuts to that funding have been even more extreme than the prorations applied to Public Housing operating subsidy. For calendar year 2014 congress funded Section 8 administrative awards at only 79% of full eligibility. A proration level of 79% is also expected for calendar year 2015 based upon current projections from HUD.

One HUD strategy for resolving their funding shortfall is a recapture of operating reserves. It is a strategy used to minimize their cash contributions to authorities by requiring the Authority to expend cash on hand, known as operating reserves. HUD utilized this strategy in fiscal year 2012, but has not used this strategy since that time. Currently there is no evidence that HUD will implement another operating reserve recapture in the coming year, but that is always possible.

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

Despite the reduced federal funding noted above, the Authority's management takes great pride in consistently operating at a breakeven or better cash flow from operations each year. This commitment to fiscal responsibility is evidenced by the Authority's consistent positive cash flow from operations shown in prior years, as well as the fiscal year 2016 operating budget which also shows positive cash flow from operations. However, this fiscal responsibility in light of the reduced federal funding, forces the Authority to reduce staffing and services to the residents and the other low-income families who rely on the Authority for housing and other services. As shown in these financials, we will maintain a fiscally responsible approach regardless of the federal funding situation. This will be done 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 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. This conversion would 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 has decided to convert some units without outside financing, and has made the decision to apply for 4% or 9% tax credits on other units in order to rehab or demolish and reconstruct those units as part of the RAD conversion. The current plan is for this complete conversion to be completed over the next eight to ten years. This will create significant changes to the federal funding stream, federal compliance requirements, organizational structure, and many other items for those Public Housing units. Management has made the decision to apply for conversion of those units through RAD after detailed analysis which showed that was the best way to obtain more stable funding from HUD. Management believes this will be the best way for the Authority to continue to provide 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 request for additional information should be addressed to:

Mike Bainbridge, CPA  
Director of Finance & HUD Compliance  
New Albany Housing Authority  
P.O. Box 11  
New Albany, Indiana 47151-0011

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

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2015**

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

**STATEMENT OF NET POSITION**

**March 31, 2015**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**Current Assets**

|  |                       |
|--|-----------------------|
| Cash and cash equivalents - unrestricted | \$ 10,416,826         |
| Cash and cash equivalents - restricted   | 722,785               |
| Investments - unrestricted               | 525,435               |
| Accounts receivable, net                 | 129,725               |
| Prepaid expenses                         | 56,268                |
| Inventories, net                         | <u>138,674</u>        |
| <br>Total Current Assets                 | <br><u>11,989,713</u> |

**Noncurrent Assets**

Capital Assets:

|                                |                       |
|--------------------------------|-----------------------|
| Land                           | 752,042               |
| Buildings & improvements       | 53,246,057            |
| Furniture & equipment          | 2,277,502             |
| Construction in progress       | <u>31,057</u>         |
|                                | 56,306,658            |
| Less: Accumulated depreciation | <u>(38,140,718)</u>   |
| Capital Assets, Net            | <u>18,165,940</u>     |
| <br>Total Noncurrent Assets    | <br><u>18,165,940</u> |

**Deferred Outflows of Resources**

-

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** \$ 30,155,653

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

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

**Current Liabilities**

|                                   |                    |
|-----------------------------------|--------------------|
| Accounts payable                  | \$ 204,000         |
| Accrued liabilities               | 184,212            |
| Unearned revenue                  | 53,015             |
| Current portion of long-term debt | 156,207            |
| Tenant security deposits          | <u>216,265</u>     |
| <br>Total Current Liabilities     | <br><u>813,699</u> |

**Noncurrent Liabilities**

|  |                    |
|--|--------------------|
| Long-term debt, net of current portion | 706,480            |
| Other noncurrent liabilities           | <u>163,796</u>     |
| <br>Total Noncurrent Liabilities       | <br><u>870,276</u> |

TOTAL LIABILITIES 1,683,975

**Deferred Inflows of Resources** -

**NET POSITION**

|                                  |                       |
|----------------------------------|-----------------------|
| Net investment in capital assets | 17,303,253            |
| Restricted                       | 278,609               |
| Unrestricted                     | <u>10,889,816</u>     |
| <br>TOTAL NET POSITION           | <br><u>28,471,678</u> |

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** \$ 30,155,653

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**Operating Revenues**

|   |                  |
|---|------------------|
| Tenant revenue                          | \$ 2,431,493     |
| Governmental operating grants & subsidy | 6,892,628        |
| Other income                            | 407,059          |
| <b>Total Operating Revenues</b>         | <b>9,731,180</b> |

**Operating Expenses**

|                                 |                   |
|---------------------------------|-------------------|
| Administration                  | 1,714,146         |
| Tenant services                 | 344,283           |
| Utilities                       | 1,441,792         |
| Maintenance                     | 1,942,979         |
| Protective services             | 154,669           |
| Insurance expense               | 450,260           |
| Other general expenses          | 604,410           |
| Housing assistance payments     | 2,233,426         |
| Depreciation                    | 1,411,977         |
| <b>Total Operating Expenses</b> | <b>10,297,942</b> |

|                           |                  |
|---------------------------|------------------|
| <b>Net Operating Loss</b> | <b>(566,762)</b> |
|---------------------------|------------------|

**Nonoperating Revenues/(Expenses)**

|  |                 |
|--|-----------------|
| Loss on dispositions of capital assets | (5,452)         |
| Interest income                        | 27,547          |
| Interest expense                       | (49,973)        |
| <b>Net Nonoperating Expenses</b>       | <b>(27,878)</b> |

|                                       |                  |
|---------------------------------------|------------------|
| <b>Net Loss Before Capital Grants</b> | <b>(594,640)</b> |
|---------------------------------------|------------------|

|                |         |
|----------------|---------|
| Capital grants | 444,898 |
|----------------|---------|

|                                 |                  |
|---------------------------------|------------------|
| <b>Decrease in Net Position</b> | <b>(149,742)</b> |
|---------------------------------|------------------|

|  |            |
|--|------------|
| Total Net Position - beginning of year | 28,621,420 |
|--|------------|

|   |                      |
|---|----------------------|
| <b>Total Net Position - end of year</b> | <b>\$ 28,471,678</b> |
|---|----------------------|

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

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |    |                    |
|---|----|--------------------|
| Receipts from tenants                         | \$ | 2,685,549          |
| Governmental operating grants & subsidy       |    | 7,019,639          |
| Payments to vendors                           |    | (4,017,767)        |
| Payments for housing assistance               |    | (2,233,426)        |
| Payments to employees                         |    | <u>(2,538,907)</u> |
| <br>NET CASH PROVIDED BY OPERATING ACTIVITIES |    | <br><u>915,088</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |  |                   |
|---|--|-------------------|
| Purchase of investments                       |  | (5,211)           |
| Interest received                             |  | <u>27,547</u>     |
| <br>NET CASH PROVIDED BY INVESTING ACTIVITIES |  | <br><u>22,336</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|  |        |                              |
|--|--------|------------------------------|
| Grant receipts - capital grants                                |        | 444,898                      |
| Acquisition of capital assets                                  |        | (688,351)                    |
| Payment of interest  |        | (49,973)                     |
| Repayment of long-term debt                                    |        | <u>(223,852)</u>             |
| <br>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES |        | <br><u>(517,278)</u>         |
| <br>NET INCREASE IN CASH AND CASH EQUIVALENTS                  |        | <br>420,146                  |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR                    |        | <u>10,719,465</u>            |
| <br>CASH AND CASH EQUIVALENTS END OF YEAR                      | <br>\$ | <br><u><u>11,139,611</u></u> |

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

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

**STATEMENT OF CASH FLOWS - CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                                 |
|---|---------------------------------|
| Net operating loss  | \$ (566,762)                    |
| Adjustments to reconcile net operating loss to net cash provided by operating activities: |                                 |
| Depreciation  | 1,411,977                       |
| Decrease in accounts receivable, net  | 140,447                         |
| Decrease in prepaid expenses  | 29,967                          |
| Increase in inventories   | (15,461)                        |
| Decrease in accounts payable  | (71,208)                        |
| Decrease in accrued liabilities   | (22,967)                        |
| Increase in unearned revenue  | 5,275                           |
| Increase in tenant security deposits  | <u>3,820</u>                    |
| <br>NET CASH PROVIDED BY OPERATING ACTIVITIES   | <br>\$ <u><u>915,088</u></u>    |
| <br>*Cash reconciliation as reported on the Statement of Net Position                     |                                 |
| Cash and cash equivalents - unrestricted  | \$ 10,416,826                   |
| Cash and cash equivalents - restricted  | <u>722,785</u>                  |
| <br>CASH AND CASH EQUIVALENTS END OF YEAR   | <br>\$ <u><u>11,139,611</u></u> |

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

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

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

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:**

**1. Introduction:**

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

**2. Organization:**

The Housing Authority of the City of New Albany (the "Authority"), is a special-purpose governmental unit, and was created pursuant to federal and state statute. The 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 primary purpose of the Authority is to develop, acquire, and operate safe, decent, sanitary, and affordable housing for low-income families and to operate the housing programs in accordance with federal legislation. The Authority owns and operates 1,082 public housing units and administers 408 Section 8 vouchers under Annual Contributions Contract C-912 with the Department of Housing and Urban Development ("HUD"). The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

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

**3. Reporting Entity:**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 & 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

**Financial Accountability** - The Authority is responsible for its debts, does not impose a financial burden on the City of New Albany and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

**Appointment of a Voting Majority** - The Authority is governed by a five member Board of Commissioners appointed by the Mayor and has governance responsibilities over all activities related to all housing activities within the City of New Albany.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Continued)**

**3. Reporting Entity: (Continued)**

Imposition of Will - The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

The Authority operated the following programs:

**Public and Indian Housing** – The Public and Indian Housing program include the asset management projects ("AMPs"), which collect both operating and capital fund subsidy.

The purpose of the Public and Indian housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained, and managed by the Authority. The developments/units are acquired, developed, and modernized under HUD's applicable capital grant programs. Funding of the program operations is provided by federal annual contributions, operating subsidies, tenant rentals (determined as a percentage of family income, adjusted for family composition, and other allowances), and other tenant revenue.

**Public Housing Capital Fund Program** – The objective of this program is to improve the physical condition of the Public and Indian Housing units.

**Central Office Cost Center** – The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenues primarily from fee income charged to other programs. The COCC provides central support services for the other programs.

**Section 8 Housing Choice Voucher Program** – The Section 8 Housing Choice Voucher program utilizes existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants. Administrative funding is also provided by HUD for the administrative costs of running and managing the program.

**Resident Opportunity and Supportive Service – Service Coordinators Program and the Family Self-sufficiency Program** – The purpose of these programs is to assist in the coordination of supportive services and resident empowerment activities designed to help participants attain economic and housing self-sufficiency.

**Other Programs** – The Authority operates a Business Activities and a State/Local fund made up of non-federally funded business units.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Continued)**

**4. Basis of Presentation, Basis of Accounting and Measurement Focus:**

**Basis of Presentation** - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net position. Proprietary fund equity is segregated into three broad components: Net investment in capital assets, Restricted net position, and Unrestricted net position. The Authority uses the following fund:

**Basis of Accounting** - The Authority uses the accrual basis of accounting in the proprietary fund. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

**Proprietary fund:**

Enterprise fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services.

**5. Revenues and Expenses:**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**6. Budgets:**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners.

**7. Use of Estimates:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Continued)**

**8. Assets, Liabilities, and Net Position:**

***a. Cash and cash equivalents:***

For financial statement purposes, cash and cash equivalents are considered to be cash in banks and investments with original maturities of three months or less. Investments are stated at fair market value. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost.

***b. Accounts Receivable, net:***

Accounts receivable consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses or grant subsidies earned that have not been collected as of March 31, 2015. The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables. The allowance for doubtful accounts was \$23,187 for accounts receivable – tenants and the allowance for doubtful accounts was \$104,821 for accounts receivable – fraud recovery, for a total allowance for doubtful accounts of \$128,008. Those allowances have been deducted against the related accounts receivable balances to properly reflect the estimated realizable value at March 31, 2015. Management believes all other accounts receivable as of March 31, 2015 were collectible and no allowance was necessary.

***c. Inventories, net:***

Inventories, consisting principally of materials and supplies held for use or consumption, are stated at the lower of cost (determined by the weighted average method) or market, reported on a first-in, first-out basis. Management has established an allowance for obsolete inventory which totaled \$59,432 at March 31, 2015, and is deducted against supplies inventory to properly reflect the lower of cost or market value.

***d. Capital Assets:***

The Authority's policy is to capitalize equipment with a value in excess of \$500 and a useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at fair market value on the date contributed.

Depreciation has been calculated using the straight-line method over the estimated useful lives, which range as follows:

|   |             |
|---|-------------|
| Land Improvements                         | 10-30 Years |
| Buildings                                 | 10-30 Years |
| Buildings - refurbishing and improvements | 10-30 Years |
| Furniture and equipment - dwelling        | 5-10 Years  |
| Furniture and equipment - administrative  | 5-10 Years  |

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Continued)**

**8. Assets, Liabilities, and Net Position: (Continued)**

***e. Eliminations:***

**Inter-program due to/from:**

In the normal course of operations, programs may temporarily advance cash to other programs. As of March 31, 2015, there are \$17,530 in outstanding inter-program receivables/payables. These inter-program receivables/payables are eliminated for the presentation of the consolidated financial statements.

**Internal Fee Income & Expense:**

The Authority's COCC charges various fees to the AMPs and programs of the Authority as allowed based upon HUD guidelines. These charges include management fees, bookkeeping fees, asset management fees and fees for services. For consolidated financial reporting purposes, \$1,225,547 of fee income/expense has been eliminated for the year ended March 31, 2015. In addition to this, AMP 3 rents building space to the COCC, other AMPs and other programs. For the year ended March 31, 2015, this rental amount was \$37,476 and has also been eliminated from the financial statements.

***f. Net Position:***

In accordance with the clarity standards, GASB Statement No. 63, total net position as of March 31, 2015 is classified into three components:

**Net investment in capital assets:**

This category consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

**Restricted Net Position:**

This category consists of net position restricted in use by external groups such as grantors, creditors, or laws and regulations of other governments or law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$278,609 of restricted net position, which includes \$278,075 in Public and Indian Housing and \$534 in the Section 8 Housing Choice Voucher Program.

**Unrestricted Net Position:**

This category includes all remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

**9. Insurance:**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a deductible amount. The amount of the deductible directly corresponds with the amount of risk the agency wants to assume versus the cost of the applicable insurance. Subsequent, to the end of the year the Authority has reduced their deductible from \$50,000 to \$5,000. The Authority secures required insurance coverage through the competitive bid process. As of the date of the field work, the Authority had required coverage in force.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Continued)**

**10. 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 Authority accrues the liability for those absences for which the employee has earned the rights to the benefits. The Authority's policy allows employees to receive paid time off. A maximum of 80 hours of paid time off can be carried forward at the end of each year. All accrued paid time off is paid to the employee upon termination of employment. Accordingly, at March 31, 2015, a liability of \$66,680 has been recorded for accrued compensated absences at that date. This liability has been included in the "Accrued liabilities" on the Statement of Net Position.

**11. Operating Revenue:**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the Authority are charges to tenants for rents. Operating expenses include administrative, utilities, maintenance and general expenses; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

**12. New Pronouncements:**

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, is effective for periods beginning after June 15, 2014 and should be applied simultaneously with the provisions of Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Authority does not provide a defined benefit pension for its employees and, GASB Statement No. 71 will have no financial impact on the financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015 with earlier application encouraged. This Statement should improve financial reporting by clarifying the definition of *fair value* for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The disclosures should be organized by type asset or liability reported at fair value. The Authority does not anticipate a material impact on the financial statements as a result of this pronouncement.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE B - CASH AND INVESTMENTS:**

All cash deposits are maintained in fully insured or collateralized checking, savings, and certificates of deposits.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

For deposits with financial institutions that do not participate in the bank collateral pool, federal statutes require that all deposits be collateralized by securities whose market value equal 100% of the uninsured amount of the deposits.

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

Investments are made based upon prevailing market conditions at the time of the transaction. The Authority reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority. As of March 31, 2015, the Authority was not exposed to interest rate risk, since they have minimal investments.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of March 31, 2015, the Authority was not exposed to credit risk.

**Custodial credit risk** – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority does have a deposit policy for custodial credit risk, which requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of March 31, 2015, none of the Authority's bank balances were exposed to custodial credit risk.

**Concentration of credit risk** – The Authority places no limit on the amount that the Authority may invest in any one issuer.

At March 31, 2015, the Authority's deposits had a carrying amount of \$11,664,946 and bank balances of \$11,822,158. Of the bank balances held in various financial institutions, \$573,846 was covered by federal depository insurance with any remaining federal funds covered by the Dedicated Method with specific collateral as listed below. At March 31, 2015, the Authority's petty cash/change funds totaled \$100.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE B - CASH AND INVESTMENTS: (Continued)**

Cash & investments at March 31, 2015 were as follows:

|                         |                      |
|-------------------------|----------------------|
| Checking accounts       | \$ 7,377,307         |
| Money markets           | 3,762,204            |
| Certificates of deposit | 525,435              |
| Petty Cash              | <u>100</u>           |
|                         | <u>\$ 11,665,046</u> |

Restricted deposits at March 31, 2015 were as follows:

|                                     |                   |
|-------------------------------------|-------------------|
| Insurance Proceeds – use restricted | \$ 278,075        |
| HCV HAP reserves                    | 534               |
| FSS escrow liabilities              | 71,704            |
| Current portion – long-term debt    | 156,207           |
| Security deposits                   | <u>216,265</u>    |
|                                     | <u>\$ 722,785</u> |

**Collateralization** – The Authority had the following securities pledged as collateral as of March 31, 2015:

| Security Type | CUSIP     | Rate                                       | Maturity Date | Value                |
|---------------|-----------|--|---------------|----------------------|
|               |           | <i><b>PNC</b></i>                          |               |                      |
| FN20          | 31418AE95 | 3.50%                                      | 05/01/32      | \$ 257,094           |
| FNMD          | 31417GWS1 | 3.00%                                      | 06/01/28      | 985,355              |
| FNMD          | 31417GWS1 | 3.00%                                      | 06/01/28      | 561,065              |
| FNMD          | 31417GWS1 | 3.00%                                      | 06/01/28      | 913,217              |
| FNSM          | 31418XW38 | 4.50%                                      | 07/01/40      | 119,795              |
| FNMD          | 3138E5YJ1 | 3.00%                                      | 01/01/27      | 482,625              |
| FNMD          | 3138Y1LL7 | 3.00%                                      | 09/01/29      | 959,436              |
| FNSM          | 3138WDFJ5 | 3.50%                                      | 11/01/44      | 993,935              |
| FNSM          | 3138WDFJ5 | 3.50%                                      | 11/01/44      | 993,935              |
| FNSM          | 3138Y5K39 | 3.50%                                      | 11/01/44      | 1,989,618            |
| FNSM          | 3138Y8TX8 | 3.50%                                      | 11/01/44      | <u>1,989,254</u>     |
|               |           |  |               | <u>10,245,329</u>    |
|               |           | <i><b>Stock Yards Bank &amp; Trust</b></i> |               |                      |
| FNMA          | 3138XQKT7 | 4.00%                                      | 02/01/44      | 1,507,461            |
| FHLMC         | 3137EABA6 | 5.13%                                      | 11/17/17      | <u>2,221,598</u>     |
|               |           |  |               | <u>3,729,059</u>     |
|               |           |  | <b>Total</b>  | <u>\$ 13,974,388</u> |

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE C - ACCOUNTS RECEIVABLE:**

Accounts receivable including applicable allowances for uncollectible accounts at March 31, 2015, consisted of the following:

|  |                   |
|--|-------------------|
| A/R – HUD  | \$ 102,595        |
| A/R – miscellaneous  | 12,362            |
| Tenants accounts receivable (net of allowance of \$23,187) | 3,121             |
| Fraud Recovery (net of allowance of \$104,821)             | <u>11,647</u>     |
|  | <u>\$ 129,725</u> |

**NOTE D - OTHER CURRENT ASSETS:**

Other current assets at March 31, 2015, consisted of the following:

|   |                   |
|---|-------------------|
| Prepaid insurance and other prepaid assets      | \$ 56,268         |
| Materials inventory (net allowance of \$59,432) | <u>138,674</u>    |
|   | <u>\$ 194,942</u> |

**NOTE E - CAPITAL ASSETS:**

A summary of changes in capital assets are as follows:

|  | Beginning<br>Balances | Increases          | Decreases        | Transfers/<br>Adjustments | Ending<br>Balances   |
|--|-----------------------|--------------------|------------------|---------------------------|----------------------|
| <b>Enterprise Activities</b>                       |                       |                    |                  |                           |                      |
| <b>Capital assets not being depreciated:</b>       |                       |                    |                  |                           |                      |
| Land   | \$ 688,936            | \$ 63,106          | \$ -             | \$ -                      | \$ 752,042           |
| Construction in progress                           | <u>-</u>              | <u>31,057</u>      | <u>-</u>         | <u>-</u>                  | <u>31,057</u>        |
| <b>Total capital assets not being depreciated</b>  | <u>688,936</u>        | <u>94,163</u>      | <u>-</u>         | <u>-</u>                  | <u>783,099</u>       |
| Buildings & improvements                           | 52,870,367            | 541,167            | (165,477)        | -                         | 53,246,057           |
| Furniture & equipment                              | <u>2,430,475</u>      | <u>53,021</u>      | <u>(205,994)</u> | <u>-</u>                  | <u>2,277,502</u>     |
| <b>Total capital assets being depreciated</b>      | <u>55,300,842</u>     | <u>594,188</u>     | <u>(371,471)</u> | <u>-</u>                  | <u>55,523,559</u>    |
| Less accumulated depreciation for:                 |                       |                    |                  |                           |                      |
| Buildings & improvements                           | (34,844,151)          | (1,355,535)        | 160,025          | -                         | (36,039,661)         |
| Furniture & equipment                              | <u>(2,250,609)</u>    | <u>(56,442)</u>    | <u>205,994</u>   | <u>-</u>                  | <u>(2,101,057)</u>   |
| <b>Total accumulated depreciation</b>              | <u>(37,094,760)</u>   | <u>(1,411,977)</u> | <u>366,019</u>   | <u>-</u>                  | <u>(38,140,718)</u>  |
| <b>Total capital assets being depreciated, net</b> | <u>18,206,082</u>     |                    |                  |                           | <u>17,382,841</u>    |
| <b>Enterprise activity capital assets, net</b>     | <u>\$ 18,895,018</u>  |                    |                  |                           | <u>\$ 18,165,940</u> |

A summary of the significant activity for the year is as follows:

|                           |                      |
|---------------------------|----------------------|
| Balance at April 1, 2014  | \$ 18,895,018        |
| Additions – capital fund  | 444,898              |
| Additions – operations    | 243,453              |
| Net Dispositions          | (5,452)              |
| Depreciation expense      | <u>(1,411,977)</u>   |
| Balance at March 31, 2015 | <u>\$ 18,165,940</u> |

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE F - ACCOUNTS PAYABLE:**

Accounts payable at March 31, 2015, consisted of the following:

|                           |                   |
|---------------------------|-------------------|
| Vendors & contractors     | \$ 132,585        |
| Payments in lieu of taxes | <u>71,415</u>     |
|                           | <u>\$ 204,000</u> |

**NOTE G - ACCRUED LIABILITIES:**

Accrued liabilities and other current liabilities at March 31, 2015, consisted of the following:

|   |                   |
|---|-------------------|
| Accrued wages & taxes payable           | \$ 56,003         |
| Accrued compensated absences            | 66,680            |
| Remediation liability – current portion | 36,672            |
| FSS Escrow liability – current portion  | 17,925            |
| Miscellaneous other liabilities         | <u>6,932</u>      |
|   | <u>\$ 184,212</u> |

**NOTE H - LONG-TERM DEBT:**

On June 5, 2009, the Authority entered into a lease agreement with Old National Bank as part of an energy performance contract ("EPC"). The assets constructed through the lease agreement are included in "Capital Assets" on the Statement of Net Position and are amortized over their estimated useful lives. The capitalized cost of the assets under the capital lease totaled \$1,649,267 at March 31, 2015. The current balance of the Notes Payable at March 31, 2015 was \$862,687. The lease is payable in monthly installments of \$17,488 through November 2019. The lease is secured with the equipment and property placed into service and bears interest at a rate of 4.98%. According to HUD's EPC program, each year, HUD funds additional subsidy to cover annual payments from the energy efficiency cost savings.

**Future minimum payments are due as follows:**

| Year Ending<br>March 31, | Principal         | Interest          | Total             |
|--------------------------|-------------------|-------------------|-------------------|
| 2016                     | \$ 156,207        | \$ 36,167         | \$ 192,374        |
| 2017                     | 178,723           | 31,140            | 209,863           |
| 2018                     | 187,829           | 22,034            | 209,863           |
| 2019                     | 197,400           | 12,463            | 209,863           |
| 2020                     | <u>142,528</u>    | <u>2,752</u>      | <u>145,280</u>    |
|                          | <u>\$ 862,687</u> | <u>\$ 104,556</u> | <u>\$ 967,243</u> |

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE I - OTHER NONCURRENT LIABILITIES:**

Other noncurrent liabilities at March 31, 2015, consisted of the following:

|   |                   |
|---|-------------------|
| FSS escrow liabilities (net of current)             | \$ 53,778         |
| Remediation liability (net of current) (see Note O) | <u>110,018</u>    |
|   | <u>\$ 163,796</u> |

|                              | Balance             |                  |                     |  | Balance             | Current Portion   |
|------------------------------|---------------------|------------------|---------------------|--|---------------------|-------------------|
|                              | April 1, 2014       | Increases        | Decreases           |  | March 31, 2015      | of Balance        |
| FSS escrow deposits          | \$ 81,304           | \$ 52,238        | \$ (61,839)         |  | \$ 71,703           | \$ 17,925         |
| Remediation liability        | 152,100             | -                | (5,410)             |  | 146,690             | 36,672            |
| Long-term Debt               | <u>1,086,539</u>    | <u>-</u>         | <u>(223,852)</u>    |  | <u>862,687</u>      | <u>156,207</u>    |
| Total noncurrent liabilities | <u>\$ 1,319,943</u> | <u>\$ 52,238</u> | <u>\$ (291,101)</u> |  | <u>\$ 1,081,080</u> | <u>\$ 210,804</u> |

**NOTE J - RESTRICTED NET POSITION:**

In accordance with guidelines established by HUD, any housing assistance payment ("HAP") budget authority provided to a housing authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$534 as restricted net position at March 31, 2015, in the Housing Choice Voucher Program. In addition, the Authority has restricted net position of \$278,075 related to unspent insurance proceeds. Restricted net position totaled \$278,609 at March 31, 2015.

**NOTE K - RISK MANAGEMENT:**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, job related illness or injuries to employees and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Insurance settlements have not exceeded insurance coverage in any of the past three years.

**NOTE L - DEFINED CONTRIBUTION RETIREMENT PLAN:**

The Authority has a 457(b) deferred compensation plan. Eligible employees may contribute a portion of their annual salary to the Plan. The Authority will match contributions up to 6% on behalf of eligible employees. For the year ended March 31, 2015, the Authority contributed \$26,266 to the plan.

The Authority also has a defined contribution pension plan with Principal Financial Group which covers substantially all employees who were employed prior to the adoption of the 457(b) plan. The plan is approved by the HUD. Monthly premiums are based on a percentage of participants' annual salaries. Total expense under this Plan was \$131,426 for the year ended March 31, 2015. Other than the above mentioned pension plans, the Authority does not participate in Other Post-Employment Benefits.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE M - COMMITMENTS & CONTINGENCIES:**

***Grants and contracts:***

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of March 31, 2015.

***Capital Fund:***

The Authority receives capital funding each year for ongoing capital improvements and repairs and maintenance.

**NOTE N - RELATED PARTY TRANSACTIONS:**

There were no related party transactions.

**NOTE O - POLLUTION REMEDIATION OBLIGATIONS:**

In a prior year the Authority was made aware that asbestos existed within thirty-six units owned and operated by the Authority under their project-based Section 8 Housing Choice Vouchers program. Due to potential health risks, removal of the asbestos has been required by HUD upon its disturbance. At March 31, 2015 the asbestos removal had been completed for six units and had not yet commenced for the other thirty units. Based upon the cost of the asbestos removal in the six units which have already been abated, coupled with management's review of the expected amounts of currently encapsulated asbestos in the remaining thirty units, a liability of \$146,690 at March 31, 2015 has been established by management for the remaining asbestos removal costs. It is currently estimated that \$36,672 will be resolved during the next fiscal year and that amount is therefore classified as a current obligation on the Statement of Net Position. The balance of \$110,018 has been included in other noncurrent liabilities on the Statement of Net Position. The liability is potentially subject to change in the near term if actual removal costs differ from management's estimates.

**NOTE P - CONCENTRATIONS:**

For the year ended March 31, 2015, approximately 72% of revenues and 79% of net accounts receivable reflected in the basic financial statements are from HUD.

**NOTE Q - IMPAIRMENT OF CAPITAL ASSETS:**

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No such impairment loss was incurred during the current year.

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

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**  
(Continued)

**NOTE R - ECONOMIC DEPENDENCY:**

The Public and Indian Housing Program and the Section 8 Housing Choice Voucher program are economically dependent on annual contributions and grants from HUD. These programs operate at a loss prior to receiving the contributions and grants. Management does not anticipate any material change in funding.

**NOTE S - SUPPLEMENTARY INFORMATION:**

The supplementary information has been included in order to show the financial statements of the Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the HUD field office and provides greater detail concerning the operations of the Authority.

**NOTE T - SUBSEQUENT EVENTS:**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through August 27, 2015 (the date the financial statement were available to be issued) and concluded that there were no subsequent events required to be disclosed in the Notes to the Financial Statements.

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

**SINGLE AUDIT SECTION**

**YEAR ENDED MARCH 31, 2015**



**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***

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Housing Authority of the  
City of New Albany  
New Albany, IN

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Chicago, Illinois 60604

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, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of New Albany's basic financial statements, and have issued our report thereon dated August 27, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of New Albany'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 of the City of New Albany's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of New Albany'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
August 27, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB A-133**

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Housing Authority of the  
City of New Albany  
New Albany, IN

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Chicago, Illinois 60604

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

We have audited the Housing Authority of the City of New Albany's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of New Albany's major federal programs for the year ended March 31, 2015. The Housing Authority of the City of New Albany's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of New Albany's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of New Albany's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the City of New Albany 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, 2015.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item number 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

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

## Report on Internal Control Over Compliance

The management of the Housing Authority of the City of New Albany is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of New Albany's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of New Albany's internal control over compliance.

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

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

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



Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
August 27, 2015

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

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended March 31, 2014, contained no audit findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of Auditor’s Results:**

**Financial Statements**

|  |                      |
|--|----------------------|
| Type of report issued on the financial statements:                               | <b>Unmodified</b>    |
| Internal control over financial reporting:                                       |                      |
| Material weakness(es) identified?  | <b>No</b>            |
| Significant deficiency(ies) identified not considered to be material weaknesses? | <b>None Reported</b> |
| Noncompliance material to the financial statements noted?                        | <b>No</b>            |

**Federal Awards**

|  |                      |
|--|----------------------|
| Internal controls over major programs:   |                      |
| Material weakness(es) identified?  | <b>No</b>            |
| Significant deficiency(ies) identified not considered to be material weaknesses? | <b>None Reported</b> |

|   |                   |
|---|-------------------|
| Type of report issued on the compliance for major programs: | <b>Unmodified</b> |
|---|-------------------|

|   |            |
|---|------------|
| Any audit findings disclosed that are required to be reported in Accordance with Circular A-133, Section .510(a)? | <b>Yes</b> |
|---|------------|

Identification of major programs:

|               |                                   |
|---------------|-----------------------------------|
| -CFDA #14.850 | Public and Indian Housing         |
| -CFDA #14.872 | Public Housing Capital Fund       |
| -CFDA #14.871 | Section 8 Housing Choice Vouchers |

|  |                  |
|--|------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <b>\$300,000</b> |
|--|------------------|

|  |            |
|--|------------|
| Did the Authority qualify as a low-risk auditee? | <b>Yes</b> |
|--|------------|

**Section II – Financial Statement Findings**

**Findings related to financial statements in accordance with GAGAS:**

NONE REPORTED

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**  
**Findings and questioned costs for Federal Awards as defined in Section .510:**

**Finding 2015-001 – Inventory of Equipment – Other Matter – CFDA # 14.850**

**Criteria:**

The federal common rule found in 2 CFR 200.313 (d)(2) states that the detailed listing of equipment should be in agreement and reconciled to the general ledger and the annual inventory. The guideline also states that the “a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.”

**Condition, cause & context:**

The PHA has failed to complete an annual inventory of all nonexpendable equipment and compare this with the general ledger and detailed depreciation schedule during the last two years. We could not accurately determine whether certain equipment items were still under the Housing Authority’s ownership and control. The amounts of differences noted were immaterial to the financial statements.

**Recommendation:**

We recommend that the Housing Authority conduct a complete inventory of all nonexpendable equipment and compare the results with the detailed depreciation schedule. Accordingly if there are any equipment items which need to be written off this should be approved by the Board of Commissioners. This detailed schedule should then be reconciled to the general ledger on an annual basis. In addition to this we recommend that the PHA amend and revise its current capitalization policy to include more detailed criteria on capitalization of capital assets. This would include establishing a systematic basis for useful life and a better definition for capital assets by category. This policy should also state the requirement for inventory of equipment as a part of internal controls over the safeguarding of capital assets.

**Management Response:**

We agree with the stated recommendation but would like to clarify that the detailed depreciation schedule is already reconciled to the general ledger on an annual basis. This was evidenced by the fact that the March 31, 2015 fixed asset detail tied to the general ledger and no fixed asset adjustments were proposed. We wholly agree with the other aspects of the recommendation.

We also agree that we did not conduct a full inventory of nonexpendable equipment and other fixed assets within the past two years, and our capitalization policy should include further details. We do have numerous other controls over fixed assets to ensure fixed asset additions and disposals are properly recorded in the general ledger, and fixed asset control objectives are met. Those controls have been designed to ensure theft of fixed assets is prevented, damage to fixed assets is prevented or detected in a timely manner, all equipment/fixed asset purchases are properly capitalized in accordance with our capitalization policy, fixed assets are consistently depreciated over their estimated useful lives, and all fixed asset disposals are conducted in accordance with federal and state regulations and are properly accounted for. Those controls include equipment and machinery sign-out sheets; physical controls such as locked equipment storage areas and security cameras; tool supply lists; mileage and oil change lists for all vehicles; physical inspections of a sample of fixed assets with our insurance provider annually; detailed lists of all computers, servers, and related technology equipment which is maintained and tracked consistently by our IT consultant; a detailed list of all printers, copiers and scanners which we maintain and track consistently; frequent site visits/tours by our Executive Director and Director of Finance and HUD Compliance; and periodic meetings with our Property Managers, Maintenance Lead Technicians, and Director of Property Services. However, we recognize the need to further our control structure by conducting the full inventory of nonexpendable equipment and other fixed assets, and by having our Board of Commissioners approve an improved capitalization policy.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)**

**Section III – Federal Award Findings and Questioned Costs**

**Findings and questioned costs for Federal Awards as defined in Section .510:**

**Finding 2015-001 – Inventory of Equipment – Other Matter – CFDA # 14.850 (Continued)**

**Management Response: (Continued)**

We have already begun steps to conduct a full fixed asset inventory and to make the suggested additions to our capitalization policy. We will continue to work toward those ends as rapidly as possible, and will complete a full fixed asset inventory by no later than September 30, 2015. Also, we will present a revised capitalization policy to our Board of Commissioners for approval at the September 2015 board meeting.

Despite these deficiencies during the audit period, we feel it is important to note that no instances of fixed asset impropriety have been identified. This includes no instances of fixed asset theft, destruction, improper capitalization, inaccurate depreciation, or improper disposal during the audit period.

**Contact Person:** Mike Bainbridge, Director of Finance and HUD Compliance

**Anticipated Completion Date:** On or before September 30, 2015, as noted above

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

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2015**

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF NET POSITION ACCOUNTS  
MARCH 31, 2015**

| <u>Account Description</u>                             | Section 8                            |  |                  |                       |                   |
|--|--------------------------------------|--|------------------|-----------------------|-------------------|
|  | Housing<br>Choice Vouchers<br>14.871 | Public and<br>Indian Housing<br>14.850 | ROSS<br>14.870   | FSS Program<br>14.896 | State / Local     |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>      |                                      |  |                  |                       |                   |
| <b>ASSETS:</b>   |                                      |  |                  |                       |                   |
| <b>CURRENT ASSETS:</b>                                 |                                      |  |                  |                       |                   |
| <b>Cash:</b>   |                                      |  |                  |                       |                   |
| Cash - unrestricted                                    | \$ 0                                 | \$ 6,715,047                           | \$ 0             | \$ 0                  | \$ 327,250        |
| Cash - restricted - modernization and development      | 0                                    | 278,075                                | 0                | 0                     | 0                 |
| Cash - other restricted                                | 17,433                               | 36,879                                 | 0                | 0                     | 0                 |
| Cash - tenant security deposits                        | 0                                    | 195,048                                | 0                | 0                     | 0                 |
| Cash - restricted for payment of current liabilities   | 5,633                                | 168,500                                | 0                | 0                     | 0                 |
| <b>Total Cash</b>                                      | <b>23,066</b>                        | <b>7,393,549</b>                       | <b>0</b>         | <b>0</b>              | <b>327,250</b>    |
| <b>Accounts and notes receivables:</b>                 |                                      |  |                  |                       |                   |
| Accounts receivable - PHA projects                     | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Accounts receivable - HUD                              | 5,794                                | 80,194                                 | 14,012           | 2,595                 | 0                 |
| Accounts receivable - other government                 | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Accounts receivable - miscellaneous                    | 2,141                                | 6,552                                  | 0                | 0                     | 0                 |
| Accounts receivable - tenants                          | 0                                    | 25,763                                 | 0                | 0                     | 0                 |
| Allowance for doubtful accounts-tenants                | 0                                    | (23,187)                               | 0                | 0                     | 0                 |
| Allowance for doubtful accounts-other                  | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Notes receivable - current                             | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Fraud recovery   | 65,209                               | 51,259                                 | 0                | 0                     | 0                 |
| Allowance for doubtful accounts - fraud                | (58,688)                             | (46,133)                               | 0                | 0                     | 0                 |
| Accrued interest receivable                            | 0                                    | 0                                      | 0                | 0                     | 0                 |
| <b>Total receivables - net</b>                         | <b>14,456</b>                        | <b>94,448</b>                          | <b>14,012</b>    | <b>2,595</b>          | <b>0</b>          |
| <b>Current investments:</b>                            |                                      |  |                  |                       |                   |
| Investments - unrestricted                             | 0                                    | 525,435                                | 0                | 0                     | 0                 |
| Prepaid expenses and other assets                      | 8,345                                | 37,205                                 | 0                | 0                     | 0                 |
| Inventories  | 0                                    | 198,106                                | 0                | 0                     | 0                 |
| Allowance for obsolete inventories                     | 0                                    | (59,432)                               | 0                | 0                     | 0                 |
| Interprogram due from                                  | 0                                    | 0                                      | 0                | 0                     | 1,115             |
| Assets held for sale                                   | 0                                    | 0                                      | 0                | 0                     | 0                 |
| <b>TOTAL CURRENT ASSETS</b>                            | <b>45,867</b>                        | <b>8,189,311</b>                       | <b>14,012</b>    | <b>2,595</b>          | <b>328,365</b>    |
| <b>NONCURRENT ASSETS:</b>                              |                                      |  |                  |                       |                   |
| <b>Capital Assets:</b>                                 |                                      |  |                  |                       |                   |
| Land   | 0                                    | 594,371                                | 0                | 0                     | 0                 |
| Buildings  | 0                                    | 45,294,012                             | 0                | 0                     | 0                 |
| Furniture & equipment - dwellings                      | 0                                    | 323,500                                | 0                | 0                     | 0                 |
| Furniture & equipment - administration                 | 101,003                              | 1,528,074                              | 0                | 0                     | 0                 |
| Improvements   | 0                                    | 7,230,925                              | 0                | 0                     | 0                 |
| Construction in process                                | 0                                    | 31,057                                 | 0                | 0                     | 0                 |
| Accumulated depreciation                               | (99,602)                             | (37,575,864)                           | 0                | 0                     | 0                 |
| <b>Total capital assets - net</b>                      | <b>1,401</b>                         | <b>17,426,075</b>                      | <b>0</b>         | <b>0</b>              | <b>0</b>          |
| Notes receivable - noncurrent                          | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Investment in joint ventures                           | 0                                    | 0                                      | 0                | 0                     | 0                 |
| Other Assets   | 0                                    | 0                                      | 0                | 0                     | 0                 |
| <b>TOTAL NONCURRENT ASSETS</b>                         | <b>1,401</b>                         | <b>17,426,075</b>                      | <b>0</b>         | <b>0</b>              | <b>0</b>          |
| <b>TOTAL ASSETS</b>                                    | <b>47,268</b>                        | <b>25,615,386</b>                      | <b>14,012</b>    | <b>2,595</b>          | <b>328,365</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                                      |  |                  |                       |                   |
|  | 0                                    | 0                                      | 0                | 0                     | 0                 |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b> | <b>\$ 47,268</b>                     | <b>\$ 25,615,386</b>                   | <b>\$ 14,012</b> | <b>\$ 2,595</b>       | <b>\$ 328,365</b> |

| Business Activities | Central Office Cost Center | Elimination        | TOTAL                |
|---------------------|----------------------------|--------------------|----------------------|
| \$ 3,129,467        | \$ 245,062                 | \$ 0               | \$ 10,416,826        |
| 0                   | 0                          | 0                  | 278,075              |
| 0                   | 0                          | 0                  | 54,312               |
| 21,217              | 0                          | 0                  | 216,265              |
| 0                   | 0                          | 0                  | 174,133              |
| <u>3,150,684</u>    | <u>245,062</u>             | <u>0</u>           | <u>11,139,611</u>    |
| 0                   | 0                          | 0                  | 0                    |
| 0                   | 0                          | 0                  | 102,595              |
| 0                   | 0                          | 0                  | 0                    |
| 135                 | 3,534                      | 0                  | 12,362               |
| 545                 | 0                          | 0                  | 26,308               |
| 0                   | 0                          | 0                  | (23,187)             |
| 0                   | 0                          | 0                  | 0                    |
| 0                   | 0                          | 0                  | 0                    |
| 0                   | 0                          | 0                  | 116,468              |
| 0                   | 0                          | 0                  | (104,821)            |
| 0                   | 0                          | 0                  | 0                    |
| <u>680</u>          | <u>3,534</u>               | <u>0</u>           | <u>129,725</u>       |
| 0                   | 0                          | 0                  | 525,435              |
| 0                   | 10,718                     | 0                  | 56,268               |
| 0                   | 0                          | 0                  | 198,106              |
| 0                   | 0                          | 0                  | (59,432)             |
| 0                   | 16,415                     | (17,530)           | 0                    |
| 0                   | 0                          | 0                  | 0                    |
| <u>3,151,364</u>    | <u>275,729</u>             | <u>(17,530)</u>    | <u>11,989,713</u>    |
| 157,671             | 0                          | 0                  | 752,042              |
| 99,734              | 268,376                    | 0                  | 45,662,122           |
| 9,852               | 0                          | 0                  | 333,352              |
| 16,520              | 298,553                    | 0                  | 1,944,150            |
| 353,010             | 0                          | 0                  | 7,583,935            |
| 0                   | 0                          | 0                  | 31,057               |
| <u>(128,586)</u>    | <u>(336,666)</u>           | <u>0</u>           | <u>(38,140,718)</u>  |
| <u>508,201</u>      | <u>230,263</u>             | <u>0</u>           | <u>18,165,940</u>    |
| 0                   | 0                          | 0                  | 0                    |
| 0                   | 0                          | 0                  | 0                    |
| 0                   | 0                          | 0                  | 0                    |
| <u>508,201</u>      | <u>230,263</u>             | <u>0</u>           | <u>18,165,940</u>    |
| <u>3,659,565</u>    | <u>505,992</u>             | <u>(17,530)</u>    | <u>30,155,653</u>    |
| 0                   | 0                          | 0                  | 0                    |
| <u>\$ 3,659,565</u> | <u>\$ 505,992</u>          | <u>\$ (17,530)</u> | <u>\$ 30,155,653</u> |

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF NET POSITION ACCOUNTS - CONTINUED  
MARCH 31, 2015**

| <u>Account Description</u>  | Section 8                            |  | ROSS             | FSS Program     | State / Local     |
|---|--------------------------------------|--|------------------|-----------------|-------------------|
|   | Housing<br>Choice Vouchers<br>14.871 | Public and<br>Indian Housing<br>14.850 |                  |                 |                   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:</b>      |                                      |  |                  |                 |                   |
| <b>LIABILITIES:</b>   |                                      |  |                  |                 |                   |
| <b>CURRENT LIABILITIES:</b>   |                                      |  |                  |                 |                   |
| Cash overdraft  | \$ 0                                 | \$ 0                                   | \$ 0             | \$ 0            | \$ 0              |
| Accounts payable < 90 days  | 4,318                                | 110,632                                | 478              | 149             | 295               |
| Accrued wages/payroll taxes payable                                       | 2,866                                | 33,187                                 | 4,493            | 0               | 0                 |
| Accrued compensated absences - current portion                            | 3,077                                | 37,226                                 | 0                | 0               | 0                 |
| Accrued interest payable  | 0                                    | 0                                      | 0                | 0               | 0                 |
| Accounts payable - HUD PHA programs                                       | 0                                    | 0                                      | 0                | 0               | 0                 |
| Accounts payable - other gov.   | 0                                    | 71,415                                 | 0                | 0               | 0                 |
| Tenant security deposits  | 0                                    | 195,048                                | 0                | 0               | 0                 |
| Unearned revenue  | 0                                    | 52,990                                 | 0                | 0               | 0                 |
| Current portion of L-T debt - capital projects                            | 0                                    | 156,207                                | 0                | 0               | 0                 |
| Current portion of L-T debt - operating                                   | 0                                    | 0                                      | 0                | 0               | 0                 |
| Other current liabilities   | 5,633                                | 14,483                                 | 0                | 0               | 0                 |
| Accrued liabilities - other   | 0                                    | 0                                      | 0                | 0               | 0                 |
| Interprogram due to   | 3,200                                | 0                                      | 10,769           | 2,446           | 0                 |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>19,094</b>                        | <b>671,188</b>                         | <b>15,740</b>    | <b>2,595</b>    | <b>295</b>        |
| <b>NONCURRENT LIABILITIES:</b>  |                                      |  |                  |                 |                   |
| Long-term debt, net of current - capital projects                         | 0                                    | 706,480                                | 0                | 0               | 0                 |
| Long-term debt, net of current - operating                                | 0                                    | 0                                      | 0                | 0               | 0                 |
| Accrued comp. absences - non-current                                      | 0                                    | 0                                      | 0                | 0               | 0                 |
| Loan Liability - non-current  | 0                                    | 0                                      | 0                | 0               | 0                 |
| Noncurrent liabilities - other  | 16,899                               | 36,879                                 | 0                | 0               | 0                 |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                       | <b>16,899</b>                        | <b>743,359</b>                         | <b>0</b>         | <b>0</b>        | <b>0</b>          |
| <b>TOTAL LIABILITIES</b>  | <b>35,993</b>                        | <b>1,414,547</b>                       | <b>15,740</b>    | <b>2,595</b>    | <b>295</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      | <b>0</b>                             | <b>0</b>                               | <b>0</b>         | <b>0</b>        | <b>0</b>          |
| <b>NET POSITION:</b>  |                                      |  |                  |                 |                   |
| Net investment in capital assets  | 1,401                                | 16,563,388                             | 0                | 0               | 0                 |
| Restricted  | 534                                  | 278,075                                | 0                | 0               | 0                 |
| Unrestricted  | 9,340                                | 7,359,376                              | (1,728)          | 0               | 328,070           |
| <b>TOTAL NET POSITION</b>   | <b>11,275</b>                        | <b>24,200,839</b>                      | <b>(1,728)</b>   | <b>0</b>        | <b>328,070</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 47,268</b>                     | <b>\$ 25,615,386</b>                   | <b>\$ 14,012</b> | <b>\$ 2,595</b> | <b>\$ 328,365</b> |

| Business<br>Activities | Central<br>Office Cost<br>Center | Elimination        | TOTAL                |
|------------------------|----------------------------------|--------------------|----------------------|
| \$ 0                   | \$ 0                             | \$ 0               | \$ 0                 |
| 0                      | 16,713                           | 0                  | 132,585              |
| 0                      | 15,457                           | 0                  | 56,003               |
| 0                      | 26,377                           | 0                  | 66,680               |
| 0                      | 0                                | 0                  | 0                    |
| 0                      | 0                                | 0                  | 0                    |
| 0                      | 0                                | 0                  | 71,415               |
| 21,217                 | 0                                | 0                  | 216,265              |
| 0                      | 25                               | 0                  | 53,015               |
| 0                      | 0                                | 0                  | 156,207              |
| 0                      | 0                                | 0                  | 0                    |
| 36,673                 | 4,740                            | 0                  | 61,529               |
| 0                      | 0                                | 0                  | 0                    |
| 1,115                  | 0                                | (17,530)           | 0                    |
| <u>59,005</u>          | <u>63,312</u>                    | <u>(17,530)</u>    | <u>813,699</u>       |
| 0                      | 0                                | 0                  | 706,480              |
| 0                      | 0                                | 0                  | 0                    |
| 0                      | 0                                | 0                  | 0                    |
| 0                      | 0                                | 0                  | 0                    |
| 110,018                | 0                                | 0                  | 163,796              |
| <u>110,018</u>         | <u>0</u>                         | <u>0</u>           | <u>870,276</u>       |
| <u>169,023</u>         | <u>63,312</u>                    | <u>(17,530)</u>    | <u>1,683,975</u>     |
| <u>0</u>               | <u>0</u>                         | <u>0</u>           | <u>0</u>             |
| 508,201                | 230,263                          | 0                  | 17,303,253           |
| 0                      | 0                                | 0                  | 278,609              |
| <u>2,982,341</u>       | <u>212,417</u>                   | <u>0</u>           | <u>10,889,816</u>    |
| <u>3,490,542</u>       | <u>442,680</u>                   | <u>0</u>           | <u>28,471,678</u>    |
| <u>\$ 3,659,565</u>    | <u>\$ 505,992</u>                | <u>\$ (17,530)</u> | <u>\$ 30,155,653</u> |

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2015**

| <u>Account Description</u>                        | Section 8<br>Housing<br>Choice Vouchers<br>14.871 | Public and<br>Indian Housing<br>14.850 | ROSS<br>14.870    | FSS Program<br>14.896 | State / Local |
|---|---|--|-------------------|-----------------------|---------------|
| <b>REVENUES:</b>                                  |   |  |                   |                       |               |
| Net tenant rental revenue                         | \$ 0  | \$ 2,153,343                           | \$ 0              | \$ 0                  | \$ 0          |
| Tenant revenue - other                            | 0   | 0                                      | 0                 | 0                     | 0             |
| Total tenant revenue                              | 0   | 2,153,343                              | 0                 | 0                     | 0             |
| HUD PHA operating grants                          | 2,268,956   | 4,452,567                              | 159,953           | 11,152                | 0             |
| Capital grants                                    | 0   | 444,898                                | 0                 | 0                     | 0             |
| Management fee                                    | 0   | 0                                      | 0                 | 0                     | 0             |
| Asset management fee                              | 0   | 0                                      | 0                 | 0                     | 0             |
| Bookkeeping fee                                   | 0   | 0                                      | 0                 | 0                     | 0             |
| Front line service fee                            | 0   | 0                                      | 0                 | 0                     | 0             |
| Other fees  | 0   | 0                                      | 0                 | 0                     | 0             |
| Other government grants                           | 0   | 0                                      | 0                 | 0                     | 0             |
| Investment income - unrestricted                  | 131   | 21,895                                 | 0                 | 0                     | 0             |
| Mortgage interest income                          | 0   | 0                                      | 0                 | 0                     | 0             |
| Proceeds from disposition of assets held for sale | 0   | 0                                      | 0                 | 0                     | 0             |
| Cost of sale of assets                            | 0   | 0                                      | 0                 | 0                     | 0             |
| Fraud recovery                                    | 4,486   | 72,141                                 | 0                 | 0                     | 0             |
| Other revenue                                     | 41,826  | 316,083                                | 0                 | 0                     | 0             |
| Gain/(loss) on disposition of capital assets      | 0   | (5,452)                                | 0                 | 0                     | 0             |
| Investment income - restricted                    | 0   | 0                                      | 0                 | 0                     | 0             |
| <b>TOTAL REVENUES</b>                             | <b>\$ 2,315,399</b>                               | <b>\$ 7,455,475</b>                    | <b>\$ 159,953</b> | <b>\$ 11,152</b>      | <b>\$ 0</b>   |
| <b>EXPENSES:</b>                                  |   |  |                   |                       |               |
| Administrative                                    |   |  |                   |                       |               |
| Administrative salaries                           | \$ 68,534   | \$ 336,917                             | \$ 0              | \$ 0                  | \$ 0          |
| Auditing fees                                     | 4,030   | 21,304                                 | 0                 | 0                     | 0             |
| Management fees                                   | 50,796  | 866,961                                | 0                 | 0                     | 0             |
| Bookkeeping fees                                  | 31,748  | 94,620                                 | 0                 | 0                     | 0             |
| Advertising & marketing                           | 0   | 1,771                                  | 0                 | 0                     | 0             |
| Employee benefits - administrative                | 27,290  | 107,299                                | 0                 | 0                     | 0             |
| Office expense                                    | 27,449  | 231,471                                | 0                 | 0                     | 0             |
| Legal expense                                     | 527   | 49,939                                 | 0                 | 0                     | 0             |
| Travel expense                                    | 0   | 5,955                                  | 0                 | 0                     | 0             |
| Other operating - administrative                  | 1,172   | 8,808                                  | 0                 | 0                     | 0             |
| Total Administrative                              | 211,546   | 1,725,045                              | 0                 | 0                     | 0             |
| Asset management fee                              | 0   | 129,840                                | 0                 | 0                     | 0             |
| Tenant services                                   |   |  |                   |                       |               |
| Tenant services - salaries                        | 22,105  | 92,497                                 | 98,474            | 5,800                 | 0             |
| Relocation costs                                  | 0   | 0                                      | 0                 | 0                     | 0             |
| Employee benefits - tenant services               | 8,011   | 29,268                                 | 31,822            | 2,689                 | 0             |
| Other tenant services                             | 0   | 53,198                                 | 0                 | 0                     | 0             |
| Total Tenant Services                             | 30,116  | 174,963                                | 130,296           | 8,489                 | 0             |
| Utilities   |   |  |                   |                       |               |
| Water   | 0   | 175,728                                | 0                 | 0                     | 0             |
| Electricity                                       | 0   | 526,036                                | 0                 | 0                     | 0             |
| Gas   | 0   | 315,601                                | 0                 | 0                     | 0             |
| Labor   | 0   | 0                                      | 0                 | 0                     | 0             |
| Sewer   | 0   | 395,633                                | 0                 | 0                     | 0             |
| Other utilities expense                           | 0   | 26,198                                 | 0                 | 0                     | 0             |
| Total Utilities                                   | 0   | 1,439,196                              | 0                 | 0                     | 0             |
| Ordinary Maintenance & Operations                 |   |  |                   |                       |               |
| Labor   | 0   | 634,630                                | 0                 | 0                     | 0             |
| Materials   | 0   | 296,757                                | 0                 | 0                     | 0             |
| Ordinary maintenance and operations contracts     | 0   | 610,310                                | 0                 | 0                     | 0             |
| Employee benefits - ordinary maintenance          | 0   | 200,737                                | 0                 | 0                     | 0             |
| Total Ordinary Maintenance & Operations           | 0   | 1,742,434                              | 0                 | 0                     | 0             |
| Protective Services                               |   |  |                   |                       |               |
| Protective services - salaries                    | 0   | 38,838                                 | 0                 | 0                     | 0             |
| Other contract costs                              | 0   | 103,364                                | 0                 | 0                     | 0             |
| Employee benefits - protective services           | 0   | 12,467                                 | 0                 | 0                     | 0             |
| Other protective services                         | 0   | 0                                      | 0                 | 0                     | 0             |
| Total Protective Services                         | 0   | 154,669                                | 0                 | 0                     | 0             |

| Business Activities | Central Office Cost Center | Elimination    | TOTAL         |
|---------------------|----------------------------|----------------|---------------|
| \$ 0                | \$ 0                       | \$ 0           | \$ 2,153,343  |
| 278,150             | 0                          | 0              | 278,150       |
| 278,150             | 0                          | 0              | 2,431,493     |
| 0                   | 0                          | 0              | 6,892,628     |
| 0                   | 0                          | 0              | 444,898       |
| 0                   | 945,183                    | (945,183)      | 0             |
| 0                   | 134,880                    | (134,880)      | 0             |
| 0                   | 129,900                    | (129,900)      | 0             |
| 0                   | 15,584                     | (15,584)       | 0             |
| 0                   | 0                          | 0              | 0             |
| 0                   | 0                          | 0              | 0             |
| 0                   | 5,521                      | 0              | 27,547        |
| 0                   | 0                          | 0              | 0             |
| 0                   | 0                          | 0              | 0             |
| 0                   | 0                          | 0              | 0             |
| 0                   | 0                          | 0              | 76,627        |
| 0                   | 9,999                      | (37,476)       | 330,432       |
| 0                   | 0                          | 0              | (5,452)       |
| 0                   | 0                          | 0              | 0             |
| \$ 278,150          | \$ 1,241,067               | \$ (1,263,023) | \$ 10,198,173 |

|           |            |             |            |
|-----------|------------|-------------|------------|
| \$ 17,955 | \$ 494,666 | \$ 0        | \$ 918,072 |
| 1,040     | 2,504      | 0           | 28,878     |
| 27,426    | 0          | (945,183)   | 0          |
| 3,532     | 0          | (129,900)   | 0          |
| 0         | 6,357      | 0           | 8,128      |
| 3,567     | 152,864    | 0           | 291,020    |
| 4,555     | 96,885     | (37,476)    | 322,884    |
| 3,230     | 8,885      | (15,584)    | 46,997     |
| 0         | 19,917     | 0           | 25,872     |
| 352       | 61,963     | 0           | 72,295     |
| 61,657    | 844,041    | (1,128,143) | 1,714,146  |

|       |   |           |   |
|-------|---|-----------|---|
| 5,040 | 0 | (134,880) | 0 |
|-------|---|-----------|---|

|   |     |   |         |
|---|-----|---|---------|
| 0 | 389 | 0 | 219,265 |
| 0 | 0   | 0 | 0       |
| 0 | 30  | 0 | 71,820  |
| 0 | 0   | 0 | 53,198  |
| 0 | 419 | 0 | 344,283 |

|       |   |   |           |
|-------|---|---|-----------|
| 846   | 0 | 0 | 176,574   |
| 1,102 | 0 | 0 | 527,138   |
| 648   | 0 | 0 | 316,249   |
| 0     | 0 | 0 | 0         |
| 0     | 0 | 0 | 395,633   |
| 0     | 0 | 0 | 26,198    |
| 2,596 | 0 | 0 | 1,441,792 |

|        |        |   |           |
|--------|--------|---|-----------|
| 0      | 0      | 0 | 634,630   |
| 81,525 | 4,272  | 0 | 382,554   |
| 0      | 60,915 | 0 | 671,225   |
| 0      | 0      | 0 | 200,737   |
| 81,525 | 65,187 | 0 | 1,889,146 |

|   |   |   |         |
|---|---|---|---------|
| 0 | 0 | 0 | 38,838  |
| 0 | 0 | 0 | 103,364 |
| 0 | 0 | 0 | 12,467  |
| 0 | 0 | 0 | 0       |
| 0 | 0 | 0 | 154,669 |

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2015**

| <u>Account Description</u>  | Section 8                            |  |                   |                       |                   |
|---|--------------------------------------|--|-------------------|-----------------------|-------------------|
|   | Housing<br>Choice Vouchers<br>14.871 | Public and<br>Indian Housing<br>14.850 | ROSS<br>14.870    | FSS Program<br>14.896 | State / Local     |
| Insurance Premiums  |                                      |  |                   |                       |                   |
| Property insurance  | 0                                    | 188,727                                | 0                 | 0                     | 0                 |
| Liability insurance   | 0                                    | 190,405                                | 0                 | 0                     | 0                 |
| Workmen's compensation  | 1,510                                | 17,241                                 | 0                 | 0                     | 0                 |
| Insurance - other   | 662                                  | 2,729                                  | 0                 | 0                     | 0                 |
| <b>Total Insurance Premiums</b>   | <u>2,172</u>                         | <u>399,102</u>                         | <u>0</u>          | <u>0</u>              | <u>0</u>          |
| Other General Expenses  |                                      |  |                   |                       |                   |
| Other general expenses  | 20,772                               | 172,763                                | 14,593            | 263                   | 387               |
| Compensated absences  | 6,770                                | 98,673                                 | 15,064            | 2,400                 | 0                 |
| Payments in lieu of taxes   | 0                                    | 71,415                                 | 0                 | 0                     | 0                 |
| Bad debt - tenant rents   | 0                                    | 147,716                                | 0                 | 0                     | 0                 |
| Bad debt - other  | 1,623                                | 0                                      | 0                 | 0                     | 0                 |
| Severance expense   | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| <b>Total Other General Expenses</b>                                     | <u>29,165</u>                        | <u>490,567</u>                         | <u>29,657</u>     | <u>2,663</u>          | <u>387</u>        |
| Interest Expense and Amortization Cost                                  |                                      |  |                   |                       |                   |
| Interest expense - mortgage payable                                     | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| Interest expense - notes payable  | 0                                    | 49,973                                 | 0                 | 0                     | 0                 |
| Amortization - issuance costs   | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| <b>Total Interest Expense and Amortization Cost</b>                     | <u>0</u>                             | <u>49,973</u>                          | <u>0</u>          | <u>0</u>              | <u>0</u>          |
| <b>TOTAL OPERATING EXPENSE</b>  | <u>272,999</u>                       | <u>6,305,789</u>                       | <u>159,953</u>    | <u>11,152</u>         | <u>387</u>        |
| <b>EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSE</b>               | <u>2,042,400</u>                     | <u>1,149,686</u>                       | <u>0</u>          | <u>0</u>              | <u>(387)</u>      |
| Other Expenses  |                                      |  |                   |                       |                   |
| Extraordinary maintenance   | 0                                    | 53,333                                 | 0                 | 0                     | 0                 |
| Casualty losses   | 0                                    | 500                                    | 0                 | 0                     | 0                 |
| Housing assistance payments   | 2,198,288                            | 0                                      | 0                 | 0                     | 0                 |
| HAP portability-in  | 35,138                               | 0                                      | 0                 | 0                     | 0                 |
| Depreciation expense  | 3,664                                | 1,363,768                              | 0                 | 0                     | 0                 |
| Fraud Losses  | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| <b>Total Other Expenses</b>   | <u>2,237,090</u>                     | <u>1,417,601</u>                       | <u>0</u>          | <u>0</u>              | <u>0</u>          |
| <b>TOTAL EXPENSES</b>   | <u>\$ 2,510,089</u>                  | <u>\$ 7,723,390</u>                    | <u>\$ 159,953</u> | <u>\$ 11,152</u>      | <u>\$ 387</u>     |
| <b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b> | <u>\$ (194,690)</u>                  | <u>\$ (267,915)</u>                    | <u>\$ 0</u>       | <u>\$ 0</u>           | <u>\$ (387)</u>   |
| Operating transfer in   | 19,403                               | 389,615                                | 0                 | 0                     | 0                 |
| Operating transfer out  | 0                                    | (389,615)                              | 0                 | 0                     | 0                 |
| Transfer of equity  | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| Prior period adjustments  | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| <b>Beginning Net Position</b>   | <u>186,562</u>                       | <u>24,468,754</u>                      | <u>(1,728)</u>    | <u>0</u>              | <u>328,457</u>    |
| <b>Ending Net Position</b>  | <u>\$ 11,275</u>                     | <u>\$ 24,200,839</u>                   | <u>\$ (1,728)</u> | <u>\$ 0</u>           | <u>\$ 328,070</u> |
| Administrative Fee Equity   | 10,741                               | 0                                      | 0                 | 0                     | 0                 |
| Housing Assistance Payments Equity                                      | 534                                  | 0                                      | 0                 | 0                     | 0                 |
| Unit Months Available   | 4,896                                | 12,781                                 | 0                 | 0                     | 0                 |
| Unit Months Leased  | 4,628                                | 12,435                                 | 0                 | 0                     | 0                 |
| Excess Cash   | 0                                    | 6,513,047                              | 0                 | 0                     | 0                 |
| Land Purchases  | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| Building Purchases  | 0                                    | 116,572                                | 0                 | 0                     | 0                 |
| Furniture & Equipment - Dwelling Purchases                              | 0                                    | 0                                      | 0                 | 0                     | 0                 |
| Furniture & Equipment - Administrative Purchases                        | 0                                    | 50,728                                 | 0                 | 0                     | 0                 |
| Leasehold Improvements Purchases  | 0                                    | 406,425                                | 0                 | 0                     | 0                 |
| Infrastructure Purchases  | 0                                    | 0                                      | 0                 | 0                     | 0                 |

| Business Activities | Central Office Cost Center | Elimination           | TOTAL                |
|---------------------|----------------------------|-----------------------|----------------------|
| 5,132               | 3,505                      | 0                     | 197,364              |
| 4,416               | 26,285                     | 0                     | 221,106              |
| 0                   | 7,453                      | 0                     | 26,204               |
| <u>2,195</u>        | <u>0</u>                   | <u>0</u>              | <u>5,586</u>         |
| <u>11,743</u>       | <u>37,243</u>              | <u>0</u>              | <u>450,260</u>       |
| 2,640               | 0                          | 0                     | 211,418              |
| 0                   | 46,878                     | 0                     | 169,785              |
| 0                   | 0                          | 0                     | 71,415               |
| 2,453               | 0                          | 0                     | 150,169              |
| 0                   | 0                          | 0                     | 1,623                |
| 0                   | 0                          | 0                     | 0                    |
| <u>5,093</u>        | <u>46,878</u>              | <u>0</u>              | <u>604,410</u>       |
| 0                   | 0                          | 0                     | 0                    |
| 0                   | 0                          | 0                     | 49,973               |
| <u>0</u>            | <u>0</u>                   | <u>0</u>              | <u>0</u>             |
| <u>0</u>            | <u>0</u>                   | <u>0</u>              | <u>49,973</u>        |
| <u>167,654</u>      | <u>993,768</u>             | <u>(1,263,023)</u>    | <u>6,648,679</u>     |
| <u>110,496</u>      | <u>247,299</u>             | <u>0</u>              | <u>3,549,494</u>     |
| 0                   | 0                          | 0                     | 53,333               |
| 0                   | 0                          | 0                     | 500                  |
| 0                   | 0                          | 0                     | 2,198,288            |
| 0                   | 0                          | 0                     | 35,138               |
| 24,651              | 19,894                     | 0                     | 1,411,977            |
| <u>0</u>            | <u>0</u>                   | <u>0</u>              | <u>0</u>             |
| <u>24,651</u>       | <u>19,894</u>              | <u>0</u>              | <u>3,699,236</u>     |
| \$ <u>192,305</u>   | \$ <u>1,013,662</u>        | \$ <u>(1,263,023)</u> | \$ <u>10,347,915</u> |
| \$ <u>85,845</u>    | \$ <u>227,405</u>          | \$ <u>0</u>           | \$ <u>(149,742)</u>  |
| 2,700,000           | 0                          | 0                     | 3,109,018            |
| 0                   | (2,719,403)                | 0                     | (3,109,018)          |
| 0                   | 0                          | 0                     | 0                    |
| 0                   | 0                          | 0                     | 0                    |
| <u>704,697</u>      | <u>2,934,678</u>           | <u>0</u>              | <u>28,621,420</u>    |
| \$ <u>3,490,542</u> | \$ <u>442,680</u>          | \$ <u>0</u>           | \$ <u>28,471,678</u> |
| 0                   | 0                          | 0                     | 10,741               |
| 0                   | 0                          | 0                     | 534                  |
| 0                   | 0                          | 0                     | 17,677               |
| 0                   | 0                          | 0                     | 17,063               |
| 0                   | 0                          | 0                     | 6,513,047            |
| 0                   | 0                          | 0                     | 0                    |
| 0                   | 1,142                      | 0                     | 117,714              |
| 0                   | 0                          | 0                     | 0                    |
| 0                   | 5,589                      | 0                     | 56,317               |
| 0                   | 0                          | 0                     | 406,425              |
| 0                   | 0                          | 0                     | 0                    |

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF NET POSITION ACCOUNTS - AMPs  
MARCH 31, 2015**

| <u>Account Description</u>                             | <u>IN012-01</u>     | <u>IN012-03</u>      | <u>IN012-04</u>     | <u>Other Project</u> | <u>TOTAL</u>         |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>      |                     |                      |                     |                      |                      |
| <b>ASSETS:</b>   |                     |                      |                     |                      |                      |
| <b>CURRENT ASSETS:</b>                                 |                     |                      |                     |                      |                      |
| Cash:  |                     |                      |                     |                      |                      |
| Cash - unrestricted                                    | \$ 1,228,586        | \$ 4,204,932         | \$ 1,281,529        | \$ 0                 | \$ 6,715,047         |
| Cash - restricted - modernization and development      | 0                   | 278,075              | 0                   | 0                    | 278,075              |
| Cash - other restricted                                | 7,208               | 29,638               | 33                  | 0                    | 36,879               |
| Cash - tenant security deposits                        | 39,881              | 80,232               | 74,935              | 0                    | 195,048              |
| Cash - restricted for payment of current liabilities   | 38,799              | 75,767               | 53,934              | 0                    | 168,500              |
| <b>Total Cash</b>                                      | <b>1,314,474</b>    | <b>4,668,644</b>     | <b>1,410,431</b>    | <b>0</b>             | <b>7,393,549</b>     |
| Accounts and notes receivables:                        |                     |                      |                     |                      |                      |
| Accounts receivable - HUD                              | 52,378              | 8,537                | 19,279              | 0                    | 80,194               |
| Accounts receivable - other government                 | 0                   | 0                    | 0                   | 0                    | 0                    |
| Accounts receivable - miscellaneous                    | 0                   | 0                    | 6,552               | 0                    | 6,552                |
| Accounts receivable - tenants                          | 6,158               | 14,072               | 5,533               | 0                    | 25,763               |
| Allowance for doubtful accounts-tenants                | (5,542)             | (12,665)             | (4,980)             | 0                    | (23,187)             |
| Allowance for doubtful accounts-other                  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Notes receivable - current                             | 0                   | 0                    | 0                   | 0                    | 0                    |
| Fraud recovery   | 4,495               | 46,764               | 0                   | 0                    | 51,259               |
| Allowance for doubtful accounts - fraud                | (4,046)             | (42,087)             | 0                   | 0                    | (46,133)             |
| Accrued interest receivable                            | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>Total receivables - net</b>                         | <b>53,443</b>       | <b>14,621</b>        | <b>26,384</b>       | <b>0</b>             | <b>94,448</b>        |
| Current investments:                                   |                     |                      |                     |                      |                      |
| Investments - unrestricted                             | 114,492             | 248,426              | 162,517             | 0                    | 525,435              |
| Prepaid expenses and other assets                      | 6,710               | 12,320               | 18,175              | 0                    | 37,205               |
| Inventories  | 37,436              | 109,737              | 50,933              | 0                    | 198,106              |
| Allowance for obsolete inventories                     | (11,231)            | (32,921)             | (15,280)            | 0                    | (59,432)             |
| Interprogram due from                                  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Assets held for sale                                   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>TOTAL CURRENT ASSETS</b>                            | <b>1,515,324</b>    | <b>5,020,827</b>     | <b>1,653,160</b>    | <b>0</b>             | <b>8,189,311</b>     |
| <b>NONCURRENT ASSETS:</b>                              |                     |                      |                     |                      |                      |
| Capital Assets:  |                     |                      |                     |                      |                      |
| Land   | 295,883             | 2,605                | 295,883             | 0                    | 594,371              |
| Buildings  | 9,026,917           | 23,289,204           | 12,977,891          | 0                    | 45,294,012           |
| Furniture & equipment - dwellings                      | 69,512              | 143,507              | 110,481             | 0                    | 323,500              |
| Furniture & equipment - administration                 | 185,709             | 1,069,271            | 273,094             | 0                    | 1,528,074            |
| Improvements   | 1,919,855           | 3,639,683            | 1,671,387           | 0                    | 7,230,925            |
| Construction in process                                | 31,057              | 0                    | 0                   | 0                    | 31,057               |
| Accumulated depreciation                               | (8,158,658)         | (17,466,374)         | (11,950,832)        | 0                    | (37,575,864)         |
| <b>Total capital assets - net</b>                      | <b>3,370,275</b>    | <b>10,677,896</b>    | <b>3,377,904</b>    | <b>0</b>             | <b>17,426,075</b>    |
| Notes receivable - noncurrent                          | 0                   | 0                    | 0                   | 0                    | 0                    |
| Investment in joint ventures                           | 0                   | 0                    | 0                   | 0                    | 0                    |
| Other assets   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>TOTAL NONCURRENT ASSETS</b>                         | <b>3,370,275</b>    | <b>10,677,896</b>    | <b>3,377,904</b>    | <b>0</b>             | <b>17,426,075</b>    |
| <b>TOTAL ASSETS</b>                                    | <b>4,885,599</b>    | <b>15,698,723</b>    | <b>5,031,064</b>    | <b>0</b>             | <b>25,615,386</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                     |                      |                     |                      |                      |
|  | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b> | <b>\$ 4,885,599</b> | <b>\$ 15,698,723</b> | <b>\$ 5,031,064</b> | <b>\$ 0</b>          | <b>\$ 25,615,386</b> |

**Housing Authority of the City of New Albany  
New Albany, Indiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF NET POSITION ACCOUNTS - AMPs - CONTINUED  
MARCH 31, 2015**

| <u>Account Description</u>  | <u>IN012-01</u>     | <u>IN012-03</u>      | <u>IN012-04</u>     | <u>Other Project</u> | <u>TOTAL</u>         |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:</b>      |                     |                      |                     |                      |                      |
| <b>LIABILITIES:</b>   |                     |                      |                     |                      |                      |
| <b>CURRENT LIABILITIES:</b>   |                     |                      |                     |                      |                      |
| Cash overdraft  | \$ 0                | \$ 0                 | \$ 0                | \$ 0                 | \$ 0                 |
| Accounts payable < 90 days  | 42,569              | 31,522               | 36,541              | 0                    | 110,632              |
| Accrued wages/payroll taxes payable                                       | 8,326               | 17,070               | 7,791               | 0                    | 33,187               |
| Accrued compensated absences - current portion                            | 8,971               | 17,386               | 10,869              | 0                    | 37,226               |
| Accrued interest payable  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Accounts payable - HUD PHA programs                                       | 0                   | 0                    | 0                   | 0                    | 0                    |
| Accounts payable - other gov.   | 18,524              | 13,591               | 39,300              | 0                    | 71,415               |
| Tenant security deposits  | 39,881              | 80,232               | 74,935              | 0                    | 195,048              |
| Unearned revenue  | 9,004               | 18,478               | 25,508              | 0                    | 52,990               |
| Current portion of L-T debt - capital projects                            | 36,396              | 65,888               | 53,923              | 0                    | 156,207              |
| Other current liabilities   | 4,593               | 9,879                | 11                  | 0                    | 14,483               |
| Accrued liabilities - other   | 0                   | 0                    | 0                   | 0                    | 0                    |
| Interprogram due to   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>168,264</b>      | <b>254,046</b>       | <b>248,878</b>      | <b>0</b>             | <b>671,188</b>       |
| <b>NONCURRENT LIABILITIES:</b>  |                     |                      |                     |                      |                      |
| Long-term debt, net of current - capital projects                         | 164,610             | 297,993              | 243,877             | 0                    | 706,480              |
| Long-term debt, net of current - operating                                | 0                   | 0                    | 0                   | 0                    | 0                    |
| Accrued comp. absences - non-current                                      | 0                   | 0                    | 0                   | 0                    | 0                    |
| Noncurrent liabilities - other  | 7,208               | 29,638               | 33                  | 0                    | 36,879               |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                       | <b>171,818</b>      | <b>327,631</b>       | <b>243,910</b>      | <b>0</b>             | <b>743,359</b>       |
| <b>TOTAL LIABILITIES</b>  | <b>340,082</b>      | <b>581,677</b>       | <b>492,788</b>      | <b>0</b>             | <b>1,414,547</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      | <b>0</b>            | <b>0</b>             | <b>0</b>            | <b>0</b>             | <b>0</b>             |
| <b>NET POSITION:</b>  |                     |                      |                     |                      |                      |
| Net investment in capital assets  | 3,169,269           | 10,314,015           | 3,080,104           | 0                    | 16,563,388           |
| Restricted  | 0                   | 278,075              | 0                   | 0                    | 278,075              |
| Unrestricted  | 1,376,248           | 4,524,956            | 1,458,172           | 0                    | 7,359,376            |
| <b>TOTAL NET POSITION</b>   | <b>4,545,517</b>    | <b>15,117,046</b>    | <b>4,538,276</b>    | <b>0</b>             | <b>24,200,839</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 4,885,599</b> | <b>\$ 15,698,723</b> | <b>\$ 5,031,064</b> | <b>\$ 0</b>          | <b>\$ 25,615,386</b> |

**Housing Authority of the City of New Albany  
New Albany, IN**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - AMPs  
FOR THE YEAR ENDED MARCH 31, 2015**

| <u>Account Description</u>                    | <u>IN012-01</u>     | <u>IN012-03</u>     | <u>IN012-04</u>     | <u>Other Project</u> | <u>TOTAL</u>        |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|
| <b>REVENUES:</b>                              |                     |                     |                     |                      |                     |
| Net tenant rental revenue                     | \$ 429,222          | \$ 782,291          | \$ 941,830          | \$ 0                 | \$ 2,153,343        |
| Tenant revenue - other                        | 0                   | 0                   | 0                   | 0                    | 0                   |
| Total tenant revenue                          | 429,222             | 782,291             | 941,830             | 0                    | 2,153,343           |
| HUD PHA operating grants                      | 952,905             | 2,434,956           | 1,064,706           | 0                    | 4,452,567           |
| Capital grants                                | 155,831             | 8,511               | 280,556             | 0                    | 444,898             |
| Management fee                                | 0                   | 0                   | 0                   | 0                    | 0                   |
| Asset management fee                          | 0                   | 0                   | 0                   | 0                    | 0                   |
| Bookkeeping fee                               | 0                   | 0                   | 0                   | 0                    | 0                   |
| Front line service fee                        | 0                   | 0                   | 0                   | 0                    | 0                   |
| Other government grants                       | 0                   | 0                   | 0                   | 0                    | 0                   |
| Investment income - unrestricted              | 4,218               | 12,720              | 4,957               | 0                    | 21,895              |
| Mortgage interest income                      | 0                   | 0                   | 0                   | 0                    | 0                   |
| Fraud recovery                                | 564                 | 71,577              | 0                   | 0                    | 72,141              |
| Other revenue                                 | 35,023              | 188,228             | 92,832              | 0                    | 316,083             |
| Gain/(loss) on disposition of capital assets  | (76)                | (305)               | (5,071)             | 0                    | (5,452)             |
| Investment income - restricted                | 0                   | 0                   | 0                   | 0                    | 0                   |
| <b>TOTAL REVENUES</b>                         | <b>\$ 1,577,687</b> | <b>\$ 3,497,978</b> | <b>\$ 2,379,810</b> | <b>\$ 0</b>          | <b>\$ 7,455,475</b> |
| <b>EXPENSES:</b>                              |                     |                     |                     |                      |                     |
| <b>Administrative</b>                         |                     |                     |                     |                      |                     |
| Administrative salaries                       | \$ 74,967           | \$ 171,177          | \$ 90,773           | \$ 0                 | \$ 336,917          |
| Auditing fees                                 | 4,642               | 10,073              | 6,589               | 0                    | 21,304              |
| Management fees                               | 191,006             | 401,697             | 274,258             | 0                    | 866,961             |
| Bookkeeping fees                              | 20,888              | 43,680              | 30,052              | 0                    | 94,620              |
| Advertising & marketing                       | 403                 | 963                 | 405                 | 0                    | 1,771               |
| Employee benefits - administrative            | 24,018              | 50,470              | 32,811              | 0                    | 107,299             |
| Office expense                                | 53,447              | 113,081             | 64,943              | 0                    | 231,471             |
| Legal expense                                 | 9,713               | 32,947              | 7,279               | 0                    | 49,939              |
| Travel expense                                | 1,189               | 3,742               | 1,024               | 0                    | 5,955               |
| Other operating - administrative              | 944                 | 5,860               | 2,004               | 0                    | 8,808               |
| Total Administrative                          | 381,217             | 833,690             | 510,138             | 0                    | 1,725,045           |
| Asset management fee                          | 28,320              | 61,320              | 40,200              | 0                    | 129,840             |
| <b>Tenant services</b>                        |                     |                     |                     |                      |                     |
| Tenant services - salaries                    | 22,558              | 48,609              | 21,330              | 0                    | 92,497              |
| Relocation costs                              | 0                   | 0                   | 0                   | 0                    | 0                   |
| Employee benefits - tenant services           | 7,227               | 14,332              | 7,709               | 0                    | 29,268              |
| Other tenant services                         | 9,554               | 41,055              | 2,589               | 0                    | 53,198              |
| Total Tenant Services                         | 39,339              | 103,996             | 31,628              | 0                    | 174,963             |
| <b>Utilities</b>                              |                     |                     |                     |                      |                     |
| Water   | 37,100              | 116,163             | 22,465              | 0                    | 175,728             |
| Electricity                                   | 12,279              | 60,283              | 453,474             | 0                    | 526,036             |
| Gas   | 111,267             | 179,751             | 24,583              | 0                    | 315,601             |
| Sewer   | 74,734              | 276,911             | 43,988              | 0                    | 395,633             |
| Other utilities expense                       | 8,607               | 13,272              | 4,319               | 0                    | 26,198              |
| Total Utilities                               | 243,987             | 646,380             | 548,829             | 0                    | 1,439,196           |
| <b>Ordinary Maintenance &amp; Operations</b>  |                     |                     |                     |                      |                     |
| Labor   | 150,609             | 337,262             | 146,759             | 0                    | 634,630             |
| Materials                                     | 68,916              | 154,076             | 73,765              | 0                    | 296,757             |
| Ordinary maintenance and operations contracts | 128,161             | 321,290             | 160,859             | 0                    | 610,310             |
| Employee benefits - ordinary maintenance      | 48,251              | 99,439              | 53,047              | 0                    | 200,737             |
| Total Ordinary Maintenance & Operations       | 395,937             | 912,067             | 434,430             | 0                    | 1,742,434           |

**Housing Authority of the City of New Albany  
New Albany, IN**

**FINANCIAL DATA SUBMISSION SUMMARY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - AMPs - CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2015**

| <u>Account Description</u>  | <u>IN012-01</u>     | <u>IN012-03</u>      | <u>IN012-04</u>     | <u>Other Project</u> | <u>TOTAL</u>         |
|---|---------------------|----------------------|---------------------|----------------------|----------------------|
| <b>Protective Services</b>  |                     |                      |                     |                      |                      |
| Protective services - salaries  | 8,467               | 18,370               | 12,001              | 0                    | 38,838               |
| Other contract costs  | 18,413              | 29,752               | 55,199              | 0                    | 103,364              |
| Employee benefits - protective services                                 | 2,713               | 5,416                | 4,338               | 0                    | 12,467               |
| Other protective services   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>Total Protective Services</b>  | <u>29,593</u>       | <u>53,538</u>        | <u>71,538</u>       | <u>0</u>             | <u>154,669</u>       |
| <b>Insurance Premiums</b>   |                     |                      |                     |                      |                      |
| Property insurance  | 41,246              | 89,519               | 57,962              | 0                    | 188,727              |
| Liability insurance   | 41,508              | 89,967               | 58,930              | 0                    | 190,405              |
| Workmen's compensation  | 4,067               | 8,899                | 4,275               | 0                    | 17,241               |
| Insurance - other   | 0                   | 0                    | 2,729               | 0                    | 2,729                |
| <b>Total Insurance Premiums</b>   | <u>86,821</u>       | <u>188,385</u>       | <u>123,896</u>      | <u>0</u>             | <u>399,102</u>       |
| <b>Other General Expenses</b>   |                     |                      |                     |                      |                      |
| Other general expenses  | 64,755              | 66,161               | 41,847              | 0                    | 172,763              |
| Compensated absences  | 25,082              | 47,451               | 26,140              | 0                    | 98,673               |
| Payments in lieu of taxes   | 18,524              | 13,591               | 39,300              | 0                    | 71,415               |
| Bad debt - tenant rents   | 11,963              | 130,325              | 5,428               | 0                    | 147,716              |
| Bad debt - mortgages  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Severance expense   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>Total Other General Expenses</b>                                     | <u>120,324</u>      | <u>257,528</u>       | <u>112,715</u>      | <u>0</u>             | <u>490,567</u>       |
| <b>Interest Expense and Amortization Cost</b>                           |                     |                      |                     |                      |                      |
| Interest expense - mortgage payable                                     | 0                   | 0                    | 0                   | 0                    | 0                    |
| Interest expense - notes payable  | 10,991              | 22,694               | 16,288              | 0                    | 49,973               |
| Amortization - issuance costs   | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>Total Interest Expense and Amortization Cost</b>                     | <u>10,991</u>       | <u>22,694</u>        | <u>16,288</u>       | <u>0</u>             | <u>49,973</u>        |
| <b>TOTAL OPERATING EXPENSE</b>  | <u>1,336,529</u>    | <u>3,079,598</u>     | <u>1,889,662</u>    | <u>0</u>             | <u>6,305,789</u>     |
| <b>EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSE</b>               | <u>241,158</u>      | <u>418,380</u>       | <u>490,148</u>      | <u>0</u>             | <u>1,149,686</u>     |
| <b>Other Expenses</b>   |                     |                      |                     |                      |                      |
| Extraordinary maintenance   | 16,149              | 16,994               | 20,190              | 0                    | 53,333               |
| Casualty losses   | 0                   | 0                    | 500                 | 0                    | 500                  |
| Housing assistance payments   | 0                   | 0                    | 0                   | 0                    | 0                    |
| Depreciation expense  | 256,266             | 838,028              | 269,474             | 0                    | 1,363,768            |
| <b>Total Other Expenses</b>   | <u>272,415</u>      | <u>855,022</u>       | <u>290,164</u>      | <u>0</u>             | <u>1,417,601</u>     |
| <b>TOTAL EXPENSES</b>   | <u>\$ 1,608,944</u> | <u>\$ 3,934,620</u>  | <u>\$ 2,179,826</u> | <u>\$ 0</u>          | <u>\$ 7,723,390</u>  |
| <b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b> | <u>\$ (31,257)</u>  | <u>\$ (436,642)</u>  | <u>\$ 199,984</u>   | <u>\$ 0</u>          | <u>\$ (267,915)</u>  |
| Operating transfer in   | 91,867              | 79,658               | 218,090             | 0                    | 389,615              |
| Operating transfer out  | (91,867)            | (79,658)             | (218,090)           | 0                    | (389,615)            |
| Transfer (to)/from component unit                                       | 0                   | 0                    | 0                   | 0                    | 0                    |
| Transfer of equity  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Prior period adjustments  | 0                   | 0                    | 0                   | 0                    | 0                    |
| <b>Beginning Net Position</b>   | <u>4,576,774</u>    | <u>15,553,688</u>    | <u>4,338,292</u>    | <u>0</u>             | <u>24,468,754</u>    |
| <b>Ending Net Position</b>  | <u>\$ 4,545,517</u> | <u>\$ 15,117,046</u> | <u>\$ 4,538,276</u> | <u>\$ 0</u>          | <u>\$ 24,200,839</u> |
| <b>Unit Months Available</b>  | 2,818               | 5,988                | 3,975               | 0                    | 12,781               |
| <b>Unit Months Leased</b>   | 2,776               | 5,691                | 3,968               | 0                    | 12,435               |
| Excess Cash   | 1,197,945           | 4,118,672            | 1,196,430           | 0                    | 6,513,047            |
| Land Purchases  | 0                   | 0                    | 0                   | 0                    | 0                    |
| Building Purchases  | 38,830              | 23,922               | 53,820              | 0                    | 116,572              |
| Furniture & Equipment - Dwelling Purchases                              | 0                   | 0                    | 0                   | 0                    | 0                    |
| Furniture & Equipment - Administrative Purchases                        | 4,557               | 15,779               | 30,392              | 0                    | 50,728               |
| Leasehold Improvements Purchases  | 151,909             | 2,945                | 251,571             | 0                    | 406,425              |
| Infrastructure Purchases  | 0                   | 73,257               | 51,409              | 0                    | 124,666              |

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

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

|  | <u>Type</u>  | <u>Federal<br/>CFDA #</u> | <u>Federal<br/>Expenditures</u>   |
|--|--------------|---------------------------|-----------------------------------|
| <b><u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u></b>                             |              |                           |                                   |
| <b><u>RECEIVED DIRECTLY FROM THE U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</u></b> |              |                           |                                   |
| Public and Indian Housing  | A - Major    | 14.850                    | \$ 3,914,410                      |
| Resident Opportunity & Supportive Services -<br>Service Coordinators                         | B - Nonmajor | 14.870                    | 159,953                           |
| Family Self-sufficiency Program  | B - Nonmajor | 14.896                    | 11,152                            |
| Public Housing Capital Fund  | A - Major    | 14.872                    | 983,055                           |
| Section 8 Housing Choice Vouchers  | A - Major    | 14.871                    | <u>2,268,956</u>                  |
| <b>TOTAL FEDERAL FINANCIAL AWARDS</b>  |              |                           | <b>\$ <u><u>7,337,526</u></u></b> |
| <b>Threshold for Type A &amp; Type B</b>   |              |                           | <b>\$ <u><u>300,000</u></u></b>   |

The accompanying notes are an integral part of this schedule.

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**NOTE A - 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 full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B - SUBRECIPIENTS:**

The Housing Authority of the City of New Albany provided no federal awards to subrecipients during the fiscal year ended March 31, 2015.

**NOTE C - 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 year ended March 31, 2015.
- The Housing Authority of the City of New Albany had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended March 31, 2015.
- The Housing Authority of the City of New Albany maintains the following limits of insurance as of March 31, 2015:

|                     |    |             |
|---------------------|----|-------------|
| Property            | \$ | 104,542,098 |
| General Liability   | \$ | 1,000,000   |
| Commercial Auto     | \$ | 1,000,000   |
| Worker Compensation | \$ | 1,000,000   |
| Employee Dishonesty | \$ | 100,000     |
| Public Officials    | \$ | 1,000,000   |

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

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

**SUPPLEMENTARY INFORMATION  
AND SPECIAL REPORTS**

**YEAR ENDED MARCH 31, 2015**

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

**STATEMENT AND CERTIFICATION OF ACTUAL PUBLIC HOUSING CAPITAL FUND GRANT COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**IN36P012501-11**

1 The actual Public Housing Capital Fund Grant Costs of IN36P012501-11 are as follows:

|                          |                  |
|--------------------------|------------------|
| Funds Approved           | \$ 1,430,653     |
| Funds Expended           | <u>1,430,653</u> |
| Excess of Funds Approved | <u>\$ -</u>      |
| <br>                     |                  |
| Funds Advanced           | \$ 1,430,653     |
| Funds Expended           | <u>1,430,653</u> |
| Excess of Funds Advanced | <u>\$ -</u>      |

- 2 All costs were incurred in the prior audit period and were not reaudited by Rector, Reeder & Lofton, P.C.
- 3 The costs as shown on the Annual Statement/Performance and Evaluation Report dated July 9, 2015, is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval and is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.