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

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

May 19, 2022

Board of Directors  
Housing Authority of the City of New Albany  
300 Erni Avenue  
New Albany, Indiana 47150

We have reviewed the audit report of the Housing Authority of the City of New Albany (Authority), which was opined upon by Hawkins Ash CPAs, LLP, Independent Public Accountants, for the period April 1, 2020 to March 31, 2021. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of the Authority as of March 31, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

Tammy R. White, CPA  
Deputy State Examiner

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

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**MARCH 31, 2021**

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

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of New Albany (the "Authority"), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of March 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements and statement and certification of family self-sufficiency (FSS) costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The combining financial statements, statement and certification of family self-sufficiency (FSS) costs and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, statement and certification of family self-sufficiency (FSS) costs and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
November 23, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Housing Authority of the City of New Albany  
Management's Discussion and Analysis (MD&A)  
March 31, 2021**

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, 2021.

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

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

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

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

**Reporting on the Authority as a Whole**

The Statement of Revenues, Expenses, and Changes in Net Position reports information about the Authority as a whole and about its activities in a format that helps the reader assess the results of operations for fiscal year 2021. 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 \$32,955,376 at March 31, 2021. Net Position is categorized as follows:
  - ✓ Unrestricted net position of \$7,564,459 may be used to meet the Authority's ongoing obligations to citizens and creditors.
  - ✓ Restricted net position of \$4,089,772 includes Section 8 Housing Choice Voucher (HCV) funds to be used for their designated purpose according to HUD regulations of \$123,342, unspent insurance reimbursement proceeds of \$26,641, \$639,789 held in replacement reserves for future capital needs, \$2,500,000 in Capital Fund grant proceeds to be loaned to Belleview of New Albany, LLC, and \$800,000 previously held in replacement reserves that are restricted for loans to Belleview of New Albany, LLC (Belleview), a blended component unit of the Authority.
  - ✓ The remainder of \$21,301,145 represents the net (of depreciation) amount invested in land, buildings and improvements, and furniture and equipment, net of related debt.
- Total revenue increased 56% or \$6,793,453 from the prior fiscal year, primarily as a result of transactions related to the sale of Whispering Creek apartments, Valley View project-based units and Riverside Terrace public housing units to the Authority's blended component unit, Belleview. The Authority reported a Special Items, Net Gain of \$3,733,345 related to the sale of these properties which are to be developed into tax credit units. In addition, the Authority received \$2,500,000 in Capital Fund revenue to be used for loans to Belleview. The Authority also received Public Housing CARES Act funding totaling \$515,180 and HCV CARES Act funding totaling \$143,153,
- Total expenses decreased by 2.45% or \$334,071 from the prior fiscal year. Administrative, housing assistance payments and general expenses had the largest increases while extraordinary maintenance and casualty loss had the largest decreases. The Authority also recorded an Impairment Loss of \$893,260 in fiscal year 2020. There were no impairment losses during fiscal year 2021.
- The Authority renewed its line of credit agreement for \$1,000,000 during fiscal year 2021. The outstanding balance on the line of credit was \$623,788 at March 31, 2021. The line of credit matures on November 19, 2021.

## 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.

## **Fund Financial Statements (Continued)**

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

## **Using This Annual Report**

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

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

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

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

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

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.

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

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

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

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

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

The New Albany Housing Authority owns approximately 793 units in developments in the City of New Albany, Indiana. The 793 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 proration for calendar year 2021 is estimated to be approximately 96%, a decrease compared to the calendar year 2020 proration level of approximately 112%, which included CARES Act funding.

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

This grant program provides rental assistance to help extremely low and very low-income families afford decent, safe, and sanitary rental housing. Qualifying tenants have their income analyzed utilizing HUD's guidelines and their rental assistance is calculated accordingly. The Authority is awarded a fixed amount of Budget Authority from HUD on an annual basis to assist participants. The Authority had approval and funding for 408 tenant-based vouchers, 48 additional family unification vouchers and 285 project-based vouchers at March 31, 2021. 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 81% of the full eligibility amount for calendar year 2020 and is expected to be approximately 84% for calendar year 2021.

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

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

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

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

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

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

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

### ***Business Activities***

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

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

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

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

### *Blended Component Unit*

The Authority has two blended component units, Southern Indiana Community Housing Corporation (SICHC), a nonprofit organization, and Belleview of New Albany, LLC. The mission of the SICHC is to support and expand the works and activities of the Authority within Floyd County and the greater southern Indiana community as a whole by increasing the supply of affordable housing in southern Indiana. SICHC consists of 101 housing choice voucher project-based units at Mark Elrod Tower and 18 vacant lots. Belleview of New Albany, LLC (Belleview) was formed September 2019 but began operations during fiscal year 2021 with the purchase of the 59-unit subsidized apartment complex at Whispering Creek from SICHC. Belleview also purchased the 40 housing choice voucher project-based units at Valley View and 120 public housing units at Riverside Terrace from the Authority.

### Authority-Wide Condensed Financial Statements

#### *Statement of Net Position*

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current & Other Assets			
Cash and investments	\$ 12,226,768	\$ 9,433,607	\$ 2,793,161
Other Current Assets	392,669	488,010	(95,341)
Capital Assets (Net)	24,927,056	19,037,887	5,889,169
Other Noncurrent Assets	24,473	-	24,473
Deferred Outflows of Resources	1,826,156	-	1,826,156
	<u>\$ 39,397,122</u>	<u>\$ 28,959,504</u>	<u>\$ 10,437,618</u>
Total Assets	<u>\$ 39,397,122</u>	<u>\$ 28,959,504</u>	<u>\$ 10,437,618</u>
Liabilities			
Accounts Payable	\$ 159,135	\$ 148,939	\$ 10,196
Other Current Liabilities	1,389,454	1,471,798	(82,344)
Long Term Debt, noncurrent portion	3,002,123	-	3,002,123
Non-current Liabilities	1,891,034	49,693	1,841,341
	<u>\$ 6,441,746</u>	<u>\$ 1,670,430</u>	<u>\$ 4,771,316</u>
Total Liabilities	<u>\$ 6,441,746</u>	<u>\$ 1,670,430</u>	<u>\$ 4,771,316</u>
Net Position			
Net Investment in Capital Assets	\$ 21,301,145	\$ 18,874,454	\$ 2,426,691
Restricted	4,089,772	1,519,908	2,569,864
Unrestricted	7,564,459	6,894,712	669,747
	<u>\$ 32,955,376</u>	<u>\$ 27,289,074</u>	<u>\$ 5,666,302</u>
Total Net Position	<u>\$ 32,955,376</u>	<u>\$ 27,289,074</u>	<u>\$ 5,666,302</u>

## Major Factors Affecting the Statement of Net Position

Total assets increased by \$10,437,618 from March 31, 2020 to March 31, 2021.

Cash and investments increased by approximately \$2,793,000. The increase in cash was primarily due the receipt of \$2,500,000 of Capital Fund grants to be loaned to Belleview for the rehabilitation of the former public housing Riverside Terrace development.

Included in other current assets of \$392,669 is net inventory of \$127,540, prepaid expenses of \$155,854 and net accounts receivable totaling \$109,275. Accounts receivable includes reimbursements due the Authority from HUD for Capital Fund expenditures of \$17,679, ROSS expenditures of \$14,170, and FSS Coordinator grant expenditures of \$26,764.

Capital Assets (Net) are a major component of total assets, and are determined by taking the March 31, 2020 net capital assets balance and adding new capital assets purchased during the year ended March 31, 2021, subtracting capital assets disposed of during the year ended March 31, 2021 (less the related accumulated depreciation), and subtracting fiscal year 2021 depreciation expense. Accumulated depreciation reflects total depreciation expense (\$1,322,250 for the fiscal year ended March 31, 2021) 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.

Deferred outflows of resources is a result of 3 interest rate swap agreements Belleview entered into on December 10, 2020. The agreements become effective July 8, 2023. Deferred outflows totaling \$1,826,156 represent the accumulated decrease in the fair value of a derivative.

Accounts payable at March 31, 2021 was comparable to March 31, 2020, only increasing by approximately \$10,200. Other current liabilities is a combination of several accounts including liabilities for utilities, payroll, prepaid tenant rent, tenant security deposits, the current portion of FSS escrow accounts and a line of credit. Other current liabilities decreased by approximately \$82,400, primarily as a result of paying off short-term debt related to Whispering Creek.

Noncurrent liabilities includes the fair value of interest rate swap agreements totaling \$1,826,156 entered into by Belleview on December 10, 2020. The Authority has also classified \$64,878 of its FSS escrow dollars as a non-current liability because the anticipated payouts do not meet the criteria for a current liability.

Net Position is presented in conformity with GASB 34. Total Net Position increased by \$5,666,302 from March 31, 2020 to March 31, 2021. The increase was primarily due the receipt of \$2,500,000 of Capital Fund grants to be loaned to Belleview for the rehabilitation of the former public housing development Riverside Terrace, \$3,733,345 special items, net gain from the sale of Whispering Creek, Riverside Terrace and Valley View to Belleview and \$847,859 of partner contributions received.

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

The component Unrestricted Net Position increased by \$669,747 during the fiscal year. This component represents funds that can be used to meet future obligations.

Restricted Net Position increased by \$2,569,864 during the fiscal year. Restricted Net Position of \$4,089,772 consists of \$123,342 of funds restricted to provide housing assistance payments (“HAP”) for HCV participants in future years, \$26,641 of prior year insurance proceeds that remain unspent, \$639,789 in replacement reserves to meet the future needs of the Crystal Court and Mark Elrod Tower RAD programs, \$2,500,000 of Capital Fund grant revenue to be used for loans to Belleview and \$800,000 previously held in replacement reserves to be used for loans to Belleview. Funds restricted for future HAP payments increased by \$81,391, which indicates that current year HAP revenue exceeded current year HAP expense. Restrictions related to unspent insurance proceeds resulted from damages at two of the Authority’s developments. At one development, a storm damaged several air conditioning units in a prior year. Several of the units are still in use and are replaced as the need arises by using these designated dollars.

As part of HUD’s cash management restrictions, HUD holds undisbursed budget authority on behalf of the Authority as “Program Reserves” which will be disbursed to the Authority if HAP expenses exceed HAP income in future periods. Although HUD is holding those funds on the Authority’s behalf, they have mandated that such Program Reserves cannot be shown within the Authority’s Net Position. The balance of the Authority’s HUD-held program reserves at March 31, 2021 was \$291,270.

### Statement of Revenues

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Source			
Tenant Revenue	\$ 2,107,716	\$ 2,400,894	\$ (293,178)
Operating Grants	11,899,534	8,384,686	3,514,848
Capital Grants	19,346	749,205	(729,859)
Other Income	372,169	651,731	(279,562)
Partner Contributions	847,859	-	847,859
Special items, net gain	3,733,345	-	3,733,345
Total Revenues	<u>\$ 18,979,969</u>	<u>\$ 12,186,516</u>	<u>\$ 6,793,453</u>

## Major Factors Affecting the Statement of Revenues

Overall Operating Grant revenue for the year ended March 31, 2021 increased from prior year amounts by \$3,514,848. Public Housing operating subsidy revenue, including Public Housing CARES Act funding, increased by \$19,215, ROSS-Service Coordinator grant revenue decreased by \$5,803, FSS Program Coordinator grant revenue increased by \$488, and Section 8 grant revenue, including HCV CARES Act funding, increased by \$177,928. Capital Fund operating grant revenue increased by \$3,301,660. Non-federal rent subsidy related to the 59-unit apartment complex at Whispering Creek decreased by \$79,065 during fiscal year 2021. In addition, the Authority received additional Family Unification Program funding totaling \$100,425, which it did not receive in fiscal year 2020.

Operating grants are as follows:

- Public Housing subsidy \$3,823,887 (increased .51%);
- Section 8 grants \$3,759,968 (increased 5.53%);
- ROSS grant \$90,318 (decreased 6.04 %);
- FSS Program Coordinator grant \$178,292 (increased .27%);
- Family Unification Program grant \$100,425 (new grant in FY2021)
- Capital Fund soft costs \$3,772,319 (increased 701.50%).
- Non-federal rent subsidy \$174,325 decreased 31.20%)

Public Housing operating subsidy was comparable to prior year, increasing by approximately .51% or \$19,215. Calendar year 2020 proration was approximately 112% with the inclusion of CARES Act funding, while calendar year 2021 is expected to be approximately 96%. In December 2020, the Authority sold 120 public housing units at Riverside Terrace to Belleview of New Albany, LLC to be developed into tax credit units.

In fiscal year 2021, Capital Fund operating revenue totaled \$3,772,319 and hard cost capital expenditures and revenue totaled \$19,346. Capital Fund operating revenue consisted primarily of \$2,500,000 to be loaned Belleview for the rehabilitation of the former Riverside Terrace public housing property, Capital Fund management fees paid to the COCC (\$662,959), engineering master plans for Parkview Terrace (approximately \$155,000), Beechwood Court environmental study and engineering and design services (\$91,875), and a conceptual design study for Riverview Tower (approximately \$45,000). The hard cost expenditures are assets which have been capitalized and will be depreciated over their useful lives. Capitalized dollars were utilized for improvements at Parkview Terrace. Improvements included the purchase and installation of security cameras and elevator upgrades. In fiscal year 2020, soft costs expenses and revenue totaled \$470,659 and hard cost capital expenditures and revenue totaled \$749,205. Capitalized dollars in fiscal year 2020 were utilized for improvements at Riverview Tower and Parkview Terrace. Improvements included the installation purchase and installation of a security system, a new roof and low voltage panels, renovation of a security center and elevator upgrades.

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

Section 8 HAP funding, the 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, approximately 99.4% for calendar year 2020 but was funded at 100% for calendar year 2021. Section 8 Administrative funding is provided separately by HUD, and is based upon voucher utilization rates and other information which is also provided by the Authority through VMS. Section 8 Administrative funding has been subject to significant Congressional budget cuts in recent years and was funded at approximately 81% of the full eligibility amount for calendar year 2020. Calendar year 2021 funding is projected to be approximately 84%. Section 8 administrative fees earned increased by \$6,257 from the prior fiscal year due to an increase in increase in proration and the administrative fee rate.

Revenue from Section 8 Housing Choice Voucher funding increased from the prior year by \$194,215, due largely to the receipt of \$143,153 of Section 8 HCV CARES Act funding during fiscal year 2021. Tenant-based voucher and project-based voucher unit months leased decreased by 37 units from fiscal year 2020.

ROSS grant income in fiscal year 2021 decreased \$5,803 or 6.04%. In fiscal year 2019, the Authority received a 3-year grant totaling \$246,000, which ran through fiscal year 2021. In fiscal year 2022, the Authority received an additional 3-year grant totaling \$212,118 which runs through May 2024.

For fiscal year 2021, total Capital Funds grants of \$3,791,665 were drawn down as funding was obligated and expended for approved expenses outlined in the annual formula Capital Fund grant budget. HUD considers the Capital Fund program an expenditure driven grant program.

The Authority received Family Unification Program funding during fiscal year 2021 totaling \$100,425 to provide 48 additional family unification vouchers each month.

Other income decreased \$279,562 from the prior year. Accounts include interest, fraud recovery and miscellaneous income. Fraud recovery income increased approximately \$13,400 while miscellaneous income decreased approximately \$199,000. Interest income decreased by approximately \$94,000 from prior year due to lower interest rates. The decrease in miscellaneous income was primarily the result of recognizing a one-time gain on an accrued contingency liability that was settled in fiscal year 2020 for approximately \$150,000.

During fiscal year 2021, the Authority's blended component unit, Belleview, received \$847,859 in contributions from partners.

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

### Statement of Expenses

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Administrative	\$ 2,898,714	\$ 2,652,179	\$ 246,535
Tenant Services	634,403	499,010	135,393
Utilities	1,433,859	1,432,370	1,489
Maintenance	2,497,920	2,458,055	39,865
Housing Assistance Payments	2,876,903	2,577,601	299,302
Depreciation	1,322,250	1,509,156	(186,906)
Protective Services	133,274	137,467	(4,193)
General Expenses	1,438,581	1,276,333	162,248
Interest Expense	78,091	11,684	66,407
Extraordinary maintenance and casualty loss	18,334	193,424	(175,090)
(Gain) loss on disposition of capital assets	(18,662)	7,199	(25,861)
Special items, net loss - impairment loss	<u>-</u>	<u>893,260</u>	<u>(893,260)</u>
Total Expenses	<u>\$ 13,313,667</u>	<u>\$ 13,647,738</u>	<u>\$ (334,071)</u>

### Major Factors Affecting the Statement of Expenses

Total expenses decreased by 2.45% from fiscal year 2021. Administrative, tenant services, housing assistance payments and general expenses categories had the largest increases while extraordinary maintenance and casualty loss and general expenses had the largest decreases. The Authority also recorded an impairment loss on capital assets of \$893,260 in fiscal year 2020. There were no impairment losses during fiscal year 2021.

Administrative expense in fiscal year 2021 increased approximately \$247,000. Administrative salary and benefits increased approximately \$343,000. Legal fees increased approximately \$15,000 related to properties anticipated to convert to low-income housing tax credit properties during fiscal year 2021. Office expenses decreased approximately \$51,000 and travel costs decreased approximately \$64,000.

Maintenance expense remained comparable increasing by only 1.62% from the prior year.

Utility costs can fluctuate year to year depending on factors such as weather and utility rates. Costs remained comparable to prior year, increasing .10% from fiscal year 2020.

Tenant services increased approximately \$135,000 or 27%. Tenant services salaries and benefits increased by approximately \$164,000 due to the hiring of 2 additional employees in the last quarter of fiscal year 2020. Relocation costs increased approximately \$17,300 while funds spent on resident activities decreased approximately \$46,700.

Protective services remained comparable to the prior fiscal year, decreasing by approximately \$4,200.

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

HAP expense within the Section 8 program is the direct expense of providing housing assistance payments to landlords on behalf of program participants and utility assistance payments to program participants. HAP expense increased approximately 12% or \$299,000. Tenant-based voucher and project-based voucher unit months leased decreased by 139 units from fiscal year 2020, however, the Authority increased its payment standards from 100% to 110% in January 2020 resulting in increased HAP expenses for fiscal year 2021.

Depreciation expense decreased \$186,906 from prior year due to the sale of Whispering Creek, Riverside Terrace and Valley View.

General expenses increased approximately \$162,000. The increase is primarily a result of an increased in insurance premiums, which increased by \$174,900. The increase in premiums primarily related to one of the Authority's high-rise public housing properties which incurred significant damage in a prior year due to a water leak and electrical fire.

Extraordinary maintenance and casualty loss decreased \$175,090. During fiscal year 2019, the Authority had a water leak and an electrical fire at one of its high-rises that resulted in the need for significant repairs. During fiscal year 2020, the Authority continued to have expenses related to the repairs which exceeded insurance proceeds. The majority of the related repairs were completed during fiscal year 2020.

During fiscal year 2020, the Authority recorded an impairment loss totaling \$893,260 related to one of its high-rise public housing properties. In a prior year, the property incurred extensive damage due to a water leak and electrical fire. After evaluating the results of a Physical Needs Assessment, the Authority determined the carrying amount of the building exceeded its fair value. There were no impairment losses recorded for fiscal year 2021.

### *Statement of Capital Assets*

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 2,684,597	\$ 2,580,082	\$ 104,515
Buildings and improvements	49,395,685	49,713,083	(317,398)
Land improvements	5,795,941	6,761,777	(965,836)
Equipment-Administration	2,021,329	2,039,375	(18,046)
Accumulated Depreciation	(37,925,668)	(42,056,430)	4,130,762
Construction in Progress	2,955,172	-	2,955,172
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 24,927,056</u>	<u>\$ 19,037,887</u>	<u>\$ 5,889,169</u>

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

Capital assets increased by \$1,758,407 before considering the effect of accumulated depreciation. In fiscal year 2021, the Authority sold its 59-unit apartment complex, Whispering Creek, 40 units at Valley View and 120 public housing units at Riverside Terrace to the Authority's blended component unit, Belleview. Belleview has begun renovation of the properties. Construction in progress related to these renovations was \$2,955,172 at March 31, 2021.

During fiscal year 2021, buildings and improvements decreased approximately \$317,000, which is largely the result of the net sale/purchase of Whispering Creek, Valley View Court and Riverside Terrace to Belleview of New Albany, LLC.

Land improvements decreased approximately \$866,000 due to the sale of Whispering Creek, Valley View and Riverside Terrace to Belleview.

Equipment-Administration purchases totaled \$112,031. Purchases included 2 new vehicles and 3 utility all-terrain vehicles. The Authority also disposed of equipment with an original cost of approximately \$130,100.

During fiscal year 2020, additions to construction in progress totaled \$2,955,172. The additions are for the renovation of Whispering Creek, Valley View and Riverside Terrace by Belleview.

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

Note 5 to the Authority's financial statements provides additional detail regarding the changes in capital assets during the year ended March 31, 2021.

### ***Debt***

In December 2020, the Authority sold its 59-unit apartment complex owned by its blended component unit, Southern Indiana Community Housing Corporation, to Belleview to be developed into tax credit units. As part of the sale the Authority paid off debt related to the property totaling \$163,433.

The Authority's blended component unit, Belleview, entered into 3 construction loans for the rehabilitation of Valley View, Riverside Terrace and Whispering Creek with draws available up to \$16,451,633. Total outstanding debt related to these properties is \$3,002,123 at March 31, 2021. The loans are anticipated to be converted to permanent financing in fiscal year 2024.

During fiscal year 2020, the Authority entered into a line of credit agreement for \$1,000,000. The line of credit has a one-year maturity. The line of credit was renewed during fiscal year 2021 and matures on November 19, 2021. Outstanding draws on the line of credit are \$623,788 at March 31, 2021. The Authority pays monthly interest payments at 5%.

## **Major Factors Affecting the Statement of Capital Assets (*Continued*)**

Note 6 to the Authority's financial statements provides additional detail regarding the changes in debt during the year ended March 31, 2021.

### **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 65% of fiscal year 2021 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 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 funded the operating subsidy revenue at approximately 112% of the full eligibility amount for calendar year 2020, which included CARES Act funding. Current projections from HUD show funding of the operating subsidy at approximately 96% for calendar year 2021.

Similar to Public Housing operating subsidy funding, HUD also utilizes a formula to determine the amount of Section 8 administrative funding provided to the Authority. In recent years cuts to that funding have been even more extreme than the prorations applied to Public Housing operating subsidy. Proration levels for calendar year 2020 were approximately 81% and are expected to be approximately 84% for calendar year 2021 based upon current projections from HUD.

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

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

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

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

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

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

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

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

**BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and investments	\$ 7,878,084
Cash and investments - restricted	4,348,684
Receivables	
Tenants, net of allowance for doubtful accounts	6,397
Other, net of allowance for doubtful accounts	44,265
Accounts receivable - HUD	58,613
Inventory, net of allowance for obsolescence	127,540
Prepaid expenses	155,854
<b>TOTAL CURRENT ASSETS</b>	<b><u>12,619,437</u></b>

CAPITAL ASSETS, at cost

Land	2,684,597
Land improvements	5,795,941
Buildings and improvements	49,395,685
Equipment	2,021,329
Construction work in progress	2,955,172
<b>TOTAL CAPITAL ASSETS</b>	<b><u>62,852,724</u></b>
Less accumulated depreciation	<u>(37,925,668)</u>
<b>NET CAPITAL ASSETS</b>	<b>24,927,056</b>

OTHER ASSET

Interest receivable	<u>24,473</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>24,951,529</u></b>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of derivative	<u>1,826,156</u>
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**\$ 39,397,122**

LIABILITIES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 147,643
Accounts payable - HUD	11,492
Accrued payroll liabilities	145,426
Compensated absences	160,235
Accrued interest payable	1,025
Unearned revenue	59,716
Due to other governments	67,273
Tenants' security deposits	170,433
Other current liabilities	161,558
Current portion of line of credit	623,788
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>1,548,589</u></b>

NONCURRENT LIABILITIES

Tenants' FSS escrow	64,878
Derivative instrument - interest rate swap agreement	1,826,156
Long-term debt	3,002,123
<b>TOTAL NONCURRENT LIABILITIES</b>	<b><u>4,893,157</u></b>

**6,441,746**

NET POSITION

Net investment in capital assets	21,301,145
Restricted	4,089,772
Unrestricted	7,564,459
<b>TOTAL NET POSITION</b>	<b><u>32,955,376</u></b>

**\$ 39,397,122**

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

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED MARCH 31, 2021

OPERATING REVENUE	
Dwelling rental	\$ 2,107,716
Operating grants	11,899,534
Other operating revenue	<u>341,681</u>
TOTAL OPERATING REVENUE	<u>14,348,931</u>
OPERATING EXPENSES	
Administration	2,898,714
Tenant services	634,403
Utilities	1,433,859
Maintenance and operations	2,497,920
General expenses	1,438,581
Protective services	133,274
Housing assistance payments	2,876,903
Depreciation	<u>1,322,250</u>
TOTAL OPERATING EXPENSES	<u>13,235,904</u>
OPERATING INCOME	<u>1,113,027</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	30,488
Gain on disposition of fixed assets	18,662
Interest expense	(78,091)
Extraordinary maintenance and insurance proceeds, net	(18,334)
Special item	<u>3,733,345</u>
NET NONOPERATING REVENUE	<u>3,686,070</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS AND PARTNER CONTRIBUTIONS	4,799,097
CAPITAL GRANTS	19,346
PARTNER CONTRIBUTIONS	<u>847,859</u>
CHANGE IN NET POSITION	5,666,302
NET POSITION AT BEGINNING OF YEAR	<u>27,289,074</u>
<b>NET POSITION AT END OF YEAR</b>	<b><u>\$ 32,955,376</u></b>

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

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## New Albany, Indiana

### STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 1,879,993
Cash received from operating grants	12,002,761
Other income received	320,427
Cash payments to vendors	(5,748,588)
Cash payments to employees	(2,896,341)
Cash payments for housing assistance	<u>(2,876,903)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,681,349</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	19,346
Proceeds from sale of capital assets	923,393
Acquisition of capital assets	(4,382,805)
Proceeds from issuance of loans payable	3,002,123
Payments on line of credit	(43,969)
Principal payments	(163,433)
Interest paid	<u>(78,383)</u>
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(723,728)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Extraordinary maintenance and insurance proceeds, net	(18,334)
Partner contributions	<u>847,859</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>829,525</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>6,015</u>
NET INCREASE IN CASH AND CASH INVESTMENTS	2,793,161
CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR	<u>9,433,607</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<b><u>\$ 12,226,768</u></b>

(Continued on page 23)

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

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## New Albany, Indiana

### STATEMENT OF CASH FLOWS - Continued

YEAR ENDED MARCH 31, 2021

#### RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION

Cash and investments	\$ 7,878,084
Cash and investments - restricted	4,348,684
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 12,226,768</u></b>

#### RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

##### CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 1,113,027
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,322,250
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(15,506)
Accounts receivable - HUD	92,358
Inventory	19,305
Prepaid expenses	(3,751)
Increase (decrease) in liabilities	
Accounts payable	(673)
Accounts payable - HUD	10,869
Accrued expenses	210,625
Unearned revenue	(10,094)
Due to other governments	(24,733)
Tenants' FSS escrow, non-current portion	15,185
Tenants' security deposits	(47,513)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 2,681,349</u></b>

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

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

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

The Housing Authority of the City of New Albany (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 Authority owns and operates 793 public housing units, 285 project based voucher units, 59 multifamily units, and administers 408 Section 8 vouchers under Annual Contributions contract C-912 with the Department of Housing and Urban Development ("HUD"). The Authority is located in New Albany, Indiana.

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

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

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

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

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

Belleview of New Albany, LLC (Belleview) was formed in September 2019 to acquire, construct and rehabilitate the multi-family residential rental apartment projects of Riverside Terrace, Valley View Court, and Whispering Creek apartments. The entity consists of Riverside at Belleview, Valley View at Belleview, and Cross Creek at Belleview. Riverside came from AMP 1 through a Rental Assistance Demonstration (RAD) conversion, and Valley View and Cross Creek were part of a sale from the Business Activities and SICHC funds, respectively. Belleview does not have a board of commissioners, and the Authority has substantial control in the decision-making and activities of Belleview. Belleview has a calendar year-end and is shown as a blended component unit in the financial statements of the Authority. Belleview does not have separately issued financial statements.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2021

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

1. Basis of Presentation:

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

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

2. Basis of Accounting

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

3. Use of Estimates

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

4. Cash Equivalents

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

5. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The Authority uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. The allowance for doubtful accounts was \$25,585 for accounts receivable - tenants. The allowance for doubtful accounts was \$71,286 for accounts receivable - fraud recovery. Those allowances have been deducted against the related accounts receivable balances to properly reflect the estimated realizable value at March 31, 2021. Management believes all other accounts receivable as of March 31, 2021, were collectible and no allowance was necessary.

6. Inventories

Inventories, consisting of materials and supplies, are stated at the lower of cost (determined by the weighted average method) or net realizable value, reported on a first-in, first-out basis. Management has established an allowance for obsolete inventory which totaled \$31,886 at March 31, 2021, and is deducted against supplies inventory to properly reflect the lower of cost or market value.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2021

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

7. Property and Equipment

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

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

8. Revenue and Expenses

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

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

9. Operating & Nonoperating Revenue & Expenses

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

10. Impairment of Long-Lived Assets:

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended March 31, 2021.

11. 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 160 hours of paid time off can be carried forward at the end of fiscal 2021. All accrued paid time off is paid to the employee upon termination of employment. Accordingly, at March 31, 2021, a liability of \$160,235 has been recorded for accrued compensation absences at that date.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2021

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

12. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Authority reports one item as a deferred outflow for the accumulated decrease in fair value of hedging derivatives.

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

12. Net Position Classifications

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

13. Federal Aids

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

14. Employee Retirement Plan

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

15. Interprogram Transactions

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

16. Construction Projects

There are certain major projects in progress at March 31, 2021. These include construction projects at Belleview. These projects are being funded by debt financing and HUD capital funds.

17. Application of Restricted Resources

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

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2021

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

18. Interest Rate Swap Agreements

The Authority uses interest rate swap agreements to protect against the potential of rising interest rates. The agreements are reported at fair value on the Statement of Net Position; however, changes in fair value are deferred until the termination or expiration of the instruments. The accumulated decrease in the fair value of the interest rate swap agreements is reported as a deferred outflows of resources.

19. Subsequent Events

The Authority has evaluated subsequent events through November 23, 2021, the date which the financial statements were available to be issued.

**NOTE 3 - Cash Deposits**

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

1. Custodial Credit Risk:

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. Statutes authorize the Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities. All cash and investments as of March 31, 2021, were insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or other equivalent insurance company or depository financial institutions. Deposits exceeding the insured or registered limits are collateralized (\$11,700,490) with securities held by the Authority's financial institution in the name of the Authority and are fully insured by the Indiana Public Deposit Insurance Fund.

2. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The 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 flows needs. Investments will typically be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the Authority.

3. Credit Risk

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

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2021**

**NOTE 3 - Cash Deposits - Continued**

4. Concentration of Credit Risk

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

5. Foreign Currency Risk

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

The carrying value of cash at March 31, 2021 was \$12,226,768. The bank balance of cash at March 31, 2021 was \$12,287,304.

Restricted cash totaled \$4,348,684 at March 31, 2021, and was comprised of the following:

FSS program tenant escrow accounts	\$ 86,502
Tenant security deposits	170,433
HCV housing assistance payments	125,319
Replacement reserves	639,789
Operating loan reserve	800,000
Capital funds loan reserve	2,500,000
Unspent insurance proceeds	26,641
	<u><b>\$ 4,348,684</b></u>

A corresponding liability for the tenant escrow accounts has been shown partially as other current liabilities and partially as other noncurrent liabilities on the Statement of Net Position. See Note 8 for details on the restricted net position which correspond to the Housing Choice Voucher program housing assistance payment restricted cash, unspent insurance proceeds for Public Housing, replacement reserves for the business activities, and capital funds loan reserve.

**NOTE 4 - Notes Receivable**

At March 31, 2021, the notes receivable for the Authority consisted of:

Note receivable from Riverside at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	\$ 4,146,575
Note receivable from Valley View at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	1,325,525
Note receivable from Cross Creek at Belleview, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062.	<u>933,086</u>
TOTAL	6,405,186
Less: Interprogram notes	<u>(6,405,186)</u>
<b>NET TOTAL</b>	<u><b>\$ -</b></u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2021**

**NOTE 5 - Capital Assets**

A summary of changes in capital assets is as follows:

	<u>BALANCE</u> 04/01/20	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> 03/31/21
<i>Capital assets not being depreciated:</i>				
Land	\$2,580,082	\$ 104,515	\$ -	\$ 2,684,597
Construction in progress	-	<u>2,955,172</u>	-	<u>2,955,172</u>
Total capital assets not being depreciated	<u>2,580,082</u>	<u>3,059,687</u>	-	<u>5,639,769</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	49,713,083	7,583,035	(7,900,433)	49,395,685
Land improvements	6,761,777	33,238	(999,074)	5,795,941
Equipment	<u>2,039,375</u>	<u>112,031</u>	<u>(130,077)</u>	<u>2,021,329</u>
Total capital assets being depreciated	<u>58,514,235</u>	<u>7,728,304</u>	<u>(9,029,584)</u>	<u>57,212,955</u>
Less accumulated depreciation	<u>(42,056,430)</u>	<u>(1,322,250)</u>	<u>5,453,012</u>	<u>(37,925,668)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>16,457,805</u>	<u>6,406,054</u>	<u>(3,576,572)</u>	<u>19,287,287</u>
<b>NET CAPITAL ASSETS</b>	<b><u>\$19,037,887</u></b>	<b><u>\$ 9,465,741</u></b>	<b><u>\$ (3,576,572)</u></b>	<b><u>\$ 24,927,056</u></b>

**NOTE 6 - Long-Term Obligations**

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

**Summary of Long-Term Obligations**

	<u>BALANCE</u> 4/1/20	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>INTERCOMPANY</u> <u>CHANGES</u>	<u>BALANCE</u> 3/31/21	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Tenants' FSS escrow	\$ 66,258	\$ 43,789	\$ (23,544)	\$ -	\$ 86,503	\$ 21,625
Notes payable	-	-	-	6,405,186	6,405,186	-
Construction loans payable	-	<u>3,002,123</u>	-	-	<u>3,002,123</u>	-
	66,258	3,045,912	(23,544)	6,405,186	9,493,812	21,625
Less: Interprogram notes	-	-	-	<u>(6,405,186)</u>	<u>(6,405,186)</u>	-
	<b><u>\$ 66,258</u></b>	<b><u>\$ 3,045,912</u></b>	<b><u>\$ (23,544)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,088,626</u></b>	<b><u>\$ 21,625</u></b>

At December 31, 2021, notes payable at Belleview consisted of:

Note payable to the Housing Authority of New Albany, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062. \$ 4,146,575

Note payable to the Housing Authority of New Albany, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062. 1,325,525

Note payable to the Housing Authority of New Albany, interest 1.31 percent, with principal and interest due to the extent of net cash flow. Entire principal and accrued interest due at December 31, 2062. 933,086

TOTAL 6,405,186

Less: Interprogram notes (6,405,186)

**NET TOTAL** **\$ -**

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2021**

**NOTE 6 - Long-Term Obligations - Continued**

At December 31, 2021, construction loans payable at Belleview consisted of:

Loan payable to financing organization with draws available up to \$8,485,000. Interest of 3.91% percent payable monthly until the conversion date of July 8, 2023. At conversion date, an interest rate swap transaction is set to become effective, which will set a fixed interest rate of 4.20% on the loan. Monthly principal and interest payments are due monthly commencing on August 8, 2023. Loan matures on July 8, 2040.	\$1,234,194
Loan payable to financing organization with draws available up to \$2,928,599. Interest of 3.91% percent payable monthly until the conversion date of July 8, 2023. At conversion date, an interest rate swap transaction is set to become effective, which will set a fixed interest rate of 4.20% on the loan. Monthly principal and interest payments are due monthly commencing on August 8, 2023. Loan matures on July 8, 2040.	444,385
Loan payable to financing organization with draws available up to \$5,038,034. Interest of 3.91% percent payable monthly until the conversion date of July 8, 2023. At conversion date, an interest rate swap transaction is set to become effective, which will set a fixed interest rate of 4.20% on the loan. Monthly principal and interest payments are due monthly commencing on August 8, 2023. Loan matures on July 8, 2040.	1,323,544
<b>TOTAL</b>	<b><u>\$ 3,002,123</u></b>

**Maturities of Long-Term Debt**

Maturities of the long-term debt at Belleview at December 31, 2021 are:

<u>YEARS</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ -	\$ 117,383
2023	-	117,383
2024	3,002,123	39,127
2025	-	-
2026	-	-
2027-2031	-	-
2032-2036	-	-
2037-2041	-	-
2042-2046	-	-
2047-2051	-	-
2052-2056	-	-
2057-2061	-	-
2062-2063	<u>6,405,186</u>	<u>4,701,885</u>
TOTAL	9,407,309	4,975,778
Less: Interprogram notes	<u>(6,405,186)</u>	<u>(4,701,885)</u>
<b>NET TOTAL</b>	<b><u>\$ 3,002,123</u></b>	<b><u>\$ 273,893</u></b>

**NOTE 7 - Interest Rate Swap Agreements - Hedging Derivative Instruments**

On December 10, 2020, Belleview (a component unit of the Authority) entered into 3 interest rate swap agreements with Cedar Rapids Bank and Trust, effective July 8, 2023. The objective of the swap agreements are to create, with respect to the 2020 Bonds in an amount totaling \$12,110,000, an approximately fixed rate net obligation. Payments made to the Counterparty by the Authority under this swap agreement are made monthly, on the basis of a notional principal amount and a fixed interest rate of 4.2 percent. Payments received by the Authority from the Counterparty under the swap agreement bear interest at a variable rate calculated by reference to the LIBOR Index.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2021**

**NOTE 7 - Interest Rate Swap Agreements - Hedging Derivative Instruments - Continued**

*Objective of the Swap* - The Authority entered the pay-fixed, receive-variable interest rate swap agreements as a strategy to maintain acceptable levels of exposure to the risk of future changes in the interest rate related to the existing variable rate debt. The primary intention of the Swap Agreements is to effectively convert the Authority's variable interest rates on its long-term debt to synthetic fixed rates.

*Terms, Fair Value, and Credit Risk* - The terms, including, the fair value of the outstanding swaps as of December 31, 2020, are as follows:

<u>Bond Series</u>	<u>Notional Amounts</u>	<u>Effective Date</u>	<u>Variable Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Swap Termination Date</u>
2020 Valley View	\$1,723,250	7/8/2023	4.2%	79% 1 M LIBOR + 2%	\$ (284,446)	7/8/2040
2020 Cross Creek	\$4,461,000	7/8/2023	4.2%	79% 1 M LIBOR + 2%	(736,350)	7/8/2040
2020 Riverside	\$4,879,000	7/8/2023	4.2%	79% 1 M LIBOR + 2%	(805,360)	7/8/2040
					<b><u>\$(1,826,156)</u></b>	

The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions of the associated bonds.

*Fair Value* - The fair values of the swap agreements are based upon a third party's discounted cash flow methodology pursuant to the guidance set forth in GASB No. 72, *Fair Value Measurement and Application*. These discounted cash flows consider the net present value of the future scheduled payments from each leg of the swap. For the floating leg of the swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve date (e.g., LIBOR, SIFMA, etc.) as of the valuation date. The present value discounted factors applied to each future scheduled payment is determined by the LIBOR, or Overnight Index Swap, curve data using the zero-coupon method. A credit valuation adjustment is applied, which quantifies the nonperformance risk of both reporting entity as well as the counterparty.

The fair values of the swap agreements are classified as a noncurrent liability on the statement of net position of \$1,826,156 as of December 31, 2020. As the swap agreements are effective hedging instruments, the offsetting balance is reflected as a deferred outflow of resources on the Authority's statement of net position at December 31, 2020 of \$1,826,156.

*Credit Risk* - The fair value of each of the swap agreements represents the Authority's credit exposure to the counterparties as of December 31, 2020. Should the counterparties to these transactions fail to perform according to the terms of the swap agreements, the Authority has a maximum possible loss equivalent to the fair value at that date. As of December 31, 2020, the Authority was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the Authority would be exposed to credit risk in the amount of the derivative instrument's fair value. In the event that the credit ratings fall below the agreed upon threshold, the fair value of the swaps is to be fully collateralized with eligible securities (as defined in the Master Agreement) to be held by a third-party custodian on behalf of the Authority.

*Basis Risk* - The Authority is exposed to basis risk due to the use of LIBOR as an index. There is a possibility that the floating rate may not match the tax-exempt fixed rate of the underlying bonds. Divergence of such rates cause gains or losses and changes in fair value. Should the rates converge, expected savings may not materialize.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2021**

**NOTE 7 - Interest Rate Swap Agreements - Hedging Derivative Instruments - Continued**

*Termination Risk* - The swaps all conform to the International Swap Dealers Association agreements (Master Agreements), which dictate standardized termination events globally. These termination events are dictated by the agreement and may include credit quality changes, or failure to perform under the contract or upon exercising of various options. Should the swap terminate, a fair value calculation is performed by an independent third party and the Authority may owe to the counterparty or vice versa.

*Rollover Risk* - The swaps may be terminated prior to the maturity of the underlying hedged debt. Upon termination, the Authority is re-exposed to the risks attempting to be hedged by the former swap. Currently, the maturities of all swaps are aligned to the maturities of the underlying hedged debts.

**NOTE 8 - Line of Credit**

On November 19, 2019, the Authority was issued a \$1,000,000 line of credit, with a 6.00% interest rate and a maturity date of November 19, 2020. On November 19, 2020, the line of credit was renewed and the maturity date was extended until November 19, 2021, with a new interest rate of 5.00%. Details of the draws and payments on the line of credit are as follows:

	<u>BALANCE</u> <u>04/01/20</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>03/31/21</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Line of credit	\$ 667,757	\$ -	\$ (43,969)	\$ 623,788	\$ 623,788

**NOTE 9 - Restricted Net Position**

In accordance with guidelines established by HUD, any housing assistance payment (“HAP”) budget authority provided to an Authority in excess of actual program expenses for the same period must be maintained as restricted net position to be used only for HAP payments incurred in the running of the Housing Choice Voucher program. Accordingly, the Authority has recorded \$123,342 as restricted net position at March 31, 2021, in the Housing Choice Voucher Program. In addition, the Authority has restricted net position of \$26,641 in Public Housing related to unspent insurance proceeds and restricted net position of \$639,789 for replacement reserves in the business activities and in the blended component unit. The Authority also has \$2,500,000 restricted from Capital Fund grant proceeds to be used for loans at Riverside at Bellevue, and \$800,000 previously held in replacement reserves to be used for loans at Valley View at Bellevue. Restricted net position totaled \$4,089,772 at March 31, 2021.

**NOTE 10 - Retirement Plan**

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

Salary deferral contributions that are over 6 percent of the employee’s compensation will not be matched. Matching contributions are 100 percent vested when made. For the year ended March 31, 2021, the Authority made matching contributions totaling \$38,015. In addition to matching contributions, the Authority may make a discretionary contribution. Discretionary contributions totaled \$55,155 for the year ended March 31, 2021.

# HOUSING AUTHORITY OF THE CITY OF NEW ALBANY

## NOTES TO FINANCIAL STATEMENTS - Continued

MARCH 31, 2021

### **NOTE 10 - Retirement Plan - Continued**

The Authority also has a non-contributory, defined contribution profit sharing plan through Nationwide, and administered by Benefit Planning Consultants, which covers substantially all employees who were employed prior to the adoption of the 457(b) plan. The Plan is approved by HUD. Employees hired prior to January 1, 2002, may be given a discretionary basic contribution each plan year by the Authority. Total expense under this Plan was \$95,664 for the year ended March 31, 2021.

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

### **NOTE 11 - Income Taxes**

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

### **NOTE 12 - Risk Management**

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

### **NOTE 13 - Contingencies**

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

### **NOTE 14 - Economic Dependency**

The Authority received approximately 65 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

### **NOTE 15 - Risks and Uncertainties**

#### **COVID-19 Pandemic**

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Authority is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Authority is not known.

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

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION**  
**MARCH 31, 2021**

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	PUBLIC HOUSING				SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4	SECTION 8			
<b>CURRENT ASSETS</b>							
Cash and investments	\$ 1,472,716	\$ 4,812,082	\$ 309,888	\$ 39,770	\$ -	\$ 120,268	
Cash and investments - restricted	23,731	155,190	19,030	165,096	-	3,473,526	
Receivables							
Tenants, net of allowance for doubtful accounts	2,397	2,956	693	-	-	13	
Other, net of allowance for doubtful accounts	2,886	18,720	1,344	-	-	741	
Accounts receivable - HUD	14,350	3,329	-	-	40,934	-	
Due from other programs	-	-	-	-	-	-	
Inventory, net of allowance for obsolescence	2,026	86,928	24,544	-	-	-	
Prepaid expenses	14,884	50,716	35,564	14,459	-	902	
<b>TOTAL CURRENT ASSETS</b>	<b>1,532,990</b>	<b>5,129,921</b>	<b>391,063</b>	<b>219,325</b>	<b>40,934</b>	<b>3,595,450</b>	
<b>CAPITAL ASSETS, at cost</b>							
Land	-	-	-	-	-	1,973,598	
Land improvements	727,112	3,415,832	591,333	-	-	112,072	
Buildings and improvements	4,478,134	21,142,091	8,820,755	-	-	1,760,895	
Equipment	161,890	1,010,211	364,620	67,016	-	79,814	
Construction work in progress	-	-	-	-	-	-	
<b>TOTAL CAPITAL ASSETS</b>	<b>5,367,136</b>	<b>25,568,134</b>	<b>9,776,708</b>	<b>67,016</b>	<b>-</b>	<b>3,926,379</b>	
Less accumulated depreciation	(4,300,957)	(19,051,350)	(7,851,635)	(59,883)	-	(1,011,865)	
<b>NET CAPITAL ASSETS</b>	<b>1,066,179</b>	<b>6,516,784</b>	<b>1,925,073</b>	<b>7,133</b>	<b>-</b>	<b>2,914,514</b>	
<b>OTHER ASSETS</b>							
Notes receivable	-	-	-	-	-	6,405,186	
Interest receivable	-	-	-	-	-	24,473	
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,429,659</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,066,179</b>	<b>6,516,784</b>	<b>1,925,073</b>	<b>7,133</b>	<b>-</b>	<b>9,344,173</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Accumulated decrease in fair value of derivative	-	-	-	-	-	-	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,599,169</b>	<b>\$ 11,646,705</b>	<b>\$ 2,316,136</b>	<b>\$ 226,458</b>	<b>\$ 40,934</b>	<b>\$ 12,939,623</b>	

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF NET POSITION - Continued**  
**MARCH 31, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	NON-FEDERAL	COMPONENT UNITS			ELIMINATING ENTRY	TOTAL
		SICHC	BELLEVUE	COCC		
<b>CURRENT ASSETS</b>						
Cash and investments	\$ 1,477	\$ 973,153	\$ -	\$ 148,730	\$ -	\$ 7,878,084
Cash and investments - restricted	-	512,111	-	-	-	4,348,684
Receivables						
Tenants, net of allowance for doubtful accounts	-	338	-	-	-	6,397
Other, net of allowance for doubtful accounts	-	8,219	4,621	9,711	(1,977)	44,265
Accounts receivable - HUD	-	-	-	-	-	58,613
Due from other programs	-	-	-	30,258	(30,258)	-
Inventory, net of allowance for obsolescence	-	14,042	-	-	-	127,540
Prepaid expenses	-	19,273	5,904	14,152	-	155,854
<b>TOTAL CURRENT ASSETS</b>	<u>1,477</u>	<u>1,527,136</u>	<u>10,525</u>	<u>202,851</u>	<u>(32,235)</u>	<u>12,619,437</u>
<b>CAPITAL ASSETS, at cost</b>						
Land	-	710,999	-	-	-	2,684,597
Land improvements	-	949,592	-	-	-	5,795,941
Buildings and improvements	-	5,623,076	7,300,000	270,734	-	49,395,685
Equipment	-	59,974	-	277,804	-	2,021,329
Construction work in progress	-	-	2,955,172	-	-	2,955,172
<b>TOTAL CAPITAL ASSETS</b>	-	<u>7,343,641</u>	<u>10,255,172</u>	<u>548,538</u>	-	<u>62,852,724</u>
Less accumulated depreciation	-	(5,370,058)	(10,139)	(269,781)	-	(37,925,668)
<b>NET CAPITAL ASSETS</b>	-	<u>1,973,583</u>	<u>10,245,033</u>	<u>278,757</u>	-	<u>24,927,056</u>
<b>OTHER ASSETS</b>						
Notes receivable	-	-	-	-	(6,405,186)	-
Interest receivable	-	-	-	-	-	24,473
<b>TOTAL OTHER ASSETS</b>	-	-	-	-	<u>(6,405,186)</u>	<u>24,473</u>
<b>TOTAL NONCURRENT ASSETS</b>	-	<u>1,973,583</u>	<u>10,245,033</u>	<u>278,757</u>	<u>(6,405,186)</u>	<u>24,951,529</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Accumulated decrease in fair value of derivative	-	-	1,826,156	-	-	1,826,156
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,477</u>	<u>\$ 3,500,719</u>	<u>\$ 12,081,714</u>	<u>\$ 481,608</u>	<u>\$ (6,437,421)</u>	<u>\$ 39,397,122</u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
COMBINING STATEMENT OF NET POSITION - Continued  
MARCH 31, 2021

LIABILITIES AND NET POSITION	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 33,588	\$ 45,129	\$ 17,535	\$ 2,665	\$ 160	\$ 1,006
Accounts payable - HUD	-	-	-	11,492	-	-
Accrued payroll liabilities	8,629	55,262	10,006	15,713	10,516	416
Compensated absences	12,644	64,385	10,480	22,979	-	611
Accrued interest payable	-	-	-	-	-	961
Unearned revenue	6,549	29,115	8,672	-	-	813
Due to other programs	-	-	-	-	30,258	-
Due to other governments	9,405	23,316	5,845	-	-	6,509
Tenants' security deposits	23,434	82,121	19,030	-	-	10,237
Other accrued liabilities	21,117	89,930	18,164	11,921	-	5,897
Current portion of line of credit	-	-	-	-	-	623,788
<b>TOTAL CURRENT LIABILITIES</b>	<b>115,366</b>	<b>389,258</b>	<b>89,732</b>	<b>64,770</b>	<b>40,934</b>	<b>650,238</b>
<b>NONCURRENT LIABILITIES</b>						
Tenants' FSS escrow	223	34,822	-	29,833	-	-
Derivative instrument - interest rate swap agreement	-	-	-	-	-	-
Long-term debt, net of current portion	-	-	-	-	-	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>223</b>	<b>34,822</b>	<b>-</b>	<b>29,833</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>115,589</b>	<b>424,080</b>	<b>89,732</b>	<b>94,603</b>	<b>40,934</b>	<b>650,238</b>
<b>NET POSITION</b>						
Net investment in capital assets	1,066,179	6,516,784	1,925,073	7,133	-	2,290,726
Restricted	-	26,641	-	123,342	-	9,868,475
Unrestricted	1,417,401	4,679,200	301,331	1,380	-	130,184
<b>TOTAL NET POSITION</b>	<b>2,483,580</b>	<b>11,222,625</b>	<b>2,226,404</b>	<b>131,855</b>	<b>-</b>	<b>12,289,385</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,599,169</b>	<b>\$ 11,646,705</b>	<b>\$ 2,316,136</b>	<b>\$ 226,458</b>	<b>\$ 40,934</b>	<b>\$ 12,939,623</b>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
COMBINING STATEMENT OF NET POSITION - Continued  
MARCH 31, 2021

LIABILITIES AND NET POSITION	NON-FEDERAL	COMPONENT UNITS		COCC	ELIMINATING ENTRY	TOTAL
		SICHC	BELLEVIEW			
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ -	\$ 13,218	\$ 15,418	\$ 18,924	\$ -	\$ 147,643
Accounts payable - HUD	-	-	-	-	-	11,492
Accrued payroll liabilities	-	5,793	-	39,091	-	145,426
Compensated absences	-	6,845	-	42,291	-	160,235
Accrued interest payable	-	64	-	-	-	1,025
Unearned revenue	-	13,845	-	722	-	59,716
Due to other programs	-	-	-	-	(30,258)	-
Due to other governments	-	22,198	-	-	-	67,273
Tenants' security deposits	-	35,611	-	-	-	170,433
Other accrued liabilities	-	12,311	-	4,195	(1,977)	161,558
Current portion of line of credit	-	-	-	-	-	623,788
<b>TOTAL CURRENT LIABILITIES</b>	<u>-</u>	<u>109,885</u>	<u>15,418</u>	<u>105,223</u>	<u>(32,235)</u>	<u>1,548,589</u>
<b>NONCURRENT LIABILITIES</b>						
Tenants' FSS escrow	-	-	-	-	-	64,878
Derivative instrument - interest rate swap agreement	-	-	1,826,156	-	-	1,826,156
Long-term debt, net of current portion	-	-	9,407,309	-	(6,405,186)	3,002,123
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>11,233,465</u>	<u>-</u>	<u>(6,405,186)</u>	<u>4,893,157</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>109,885</u>	<u>11,248,883</u>	<u>105,223</u>	<u>(6,437,421)</u>	<u>6,441,746</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	1,973,583	837,724	278,757	6,405,186	21,301,145
Restricted	-	476,500	-	-	(6,405,186)	4,089,772
Unrestricted	1,477	940,751	(4,893)	97,628	-	7,564,459
<b>TOTAL NET POSITION</b>	<u>1,477</u>	<u>3,390,834</u>	<u>832,831</u>	<u>376,385</u>	<u>-</u>	<u>32,955,376</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,477</u>	<u>\$ 3,500,719</u>	<u>\$ 12,081,714</u>	<u>\$ 481,608</u>	<u>\$ (6,437,421)</u>	<u>\$ 39,397,122</u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED MARCH 31, 2021

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>OPERATING REVENUE</b>						
Dwelling rental	\$ 388,804	\$ 810,707	\$ 360,777	\$ -	\$ -	\$ 119,738
Operating grants	4,081,755	2,771,834	742,617	3,860,393	268,610	235,779
Other operating revenue	33,106	237,174	34,002	19,023	-	7,002
<b>TOTAL OPERATING REVENUE</b>	<u>4,503,665</u>	<u>3,819,715</u>	<u>1,137,396</u>	<u>3,879,416</u>	<u>268,610</u>	<u>362,519</u>
<b>OPERATING EXPENSES</b>						
Administration	630,538	1,243,127	464,061	505,386	-	130,144
Tenant services	88,166	174,609	56,668	39,096	239,758	12,542
Utilities	294,751	577,542	302,328	-	-	46,848
Maintenance and operations	426,114	1,411,551	323,327	-	-	83,417
General expenses	230,961	614,215	244,234	37,615	28,852	40,097
Protective services	21,764	40,052	41,555	-	-	2,370
Housing assistance payments	208,263	-	-	3,291,533	-	-
Depreciation	186,290	674,369	105,543	5,212	-	123,776
<b>TOTAL OPERATING EXPENSES</b>	<u>2,086,847</u>	<u>4,735,465</u>	<u>1,537,716</u>	<u>3,878,842</u>	<u>268,610</u>	<u>439,194</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,416,818</u>	<u>(915,750)</u>	<u>(400,320)</u>	<u>574</u>	<u>-</u>	<u>(76,675)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Interest income	937	3,783	376	97	-	24,845
Gain on disposition of fixed assets	8,151	11,211	-	-	-	600
Operating transfers in	393,790	176,121	51,577	76,137	-	9,419,558
Operating transfers out	(7,340,153)	(166,244)	(50,062)	-	-	(1,338,378)
Interest expense	-	-	-	-	-	(35,061)
Extraordinary maintenance and insurance proceeds, net	2,442	(3,376)	(17,400)	-	-	-
Special item	3,370,240	-	-	-	-	847,530
<b>NET NONOPERATING (EXPENSES) REVENUE</b>	<u>(3,564,593)</u>	<u>21,495</u>	<u>(15,509)</u>	<u>76,234</u>	<u>-</u>	<u>8,919,094</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS AND PARTNER CONTRIBUTIONS</b>	<u>(1,147,775)</u>	<u>(894,255)</u>	<u>(415,829)</u>	<u>76,808</u>	<u>-</u>	<u>8,842,419</u>
<b>CAPITAL GRANTS</b>	-	19,346	-	-	-	-
<b>PARTNER CONTRIBUTIONS</b>	-	-	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<u>(1,147,775)</u>	<u>(874,909)</u>	<u>(415,829)</u>	<u>76,808</u>	<u>-</u>	<u>8,842,419</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>3,631,355</u>	<u>12,097,534</u>	<u>2,642,233</u>	<u>55,047</u>	<u>-</u>	<u>3,446,966</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 2,483,580</u>	<u>\$ 11,222,625</u>	<u>\$ 2,226,404</u>	<u>\$ 131,855</u>	<u>\$ -</u>	<u>\$ 12,289,385</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued  
YEAR ENDED MARCH 31, 2021

	NON-FEDERAL	COMPONENT UNITS		COCC	ELIMINATING ENTRY	TOTAL
		SICHC	BELLEVIEW			
<b>OPERATING REVENUE</b>						
Dwelling rental	\$ -	\$ 412,194	\$ 15,496	\$ -	\$ -	\$ 2,107,716
Operating grants	-	545,921	15,518	-	(622,893)	11,899,534
Other operating revenue	-	33,526	-	1,624,832	(1,646,984)	341,681
<b>TOTAL OPERATING REVENUE</b>	<u>-</u>	<u>991,641</u>	<u>31,014</u>	<u>1,624,832</u>	<u>(2,269,877)</u>	<u>14,348,931</u>
<b>OPERATING EXPENSES</b>						
Administration	-	419,069	16,761	1,136,612	(1,646,984)	2,898,714
Tenant services	-	19,751	-	3,813	-	634,403
Utilities	-	197,532	14,858	-	-	1,433,859
Maintenance and operations	-	233,189	1,055	19,267	-	2,497,920
General expenses	-	134,690	3,229	104,688	-	1,438,581
Protective services	-	27,533	-	-	-	133,274
Housing assistance payments	-	-	-	-	(622,893)	2,876,903
Depreciation	-	160,968	10,139	55,953	-	1,322,250
<b>TOTAL OPERATING EXPENSES</b>	<u>-</u>	<u>1,192,732</u>	<u>46,042</u>	<u>1,320,333</u>	<u>(2,269,877)</u>	<u>13,235,904</u>
<b>OPERATING (LOSS) INCOME</b>	<u>-</u>	<u>(201,091)</u>	<u>(15,028)</u>	<u>304,499</u>	<u>-</u>	<u>1,113,027</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Interest income	-	344	-	106	-	30,488
(Loss) gain on disposition of fixed assets	-	(11,400)	-	10,100	-	18,662
Operating transfers in	-	120,659	-	181	(10,238,023)	-
Operating transfers out	-	(1,147,186)	-	(196,000)	10,238,023	-
Interest expense	-	(43,030)	-	-	-	(78,091)
Extraordinary maintenance and insurance proceeds, net	-	-	-	-	-	(18,334)
Special item	-	(484,425)	-	-	-	3,733,345
<b>NET NONOPERATING (EXPENSES) REVENUE</b>	<u>-</u>	<u>(1,565,038)</u>	<u>-</u>	<u>(185,613)</u>	<u>-</u>	<u>3,686,070</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL GRANTS AND PARTNER CONTRIBUTIONS</b>	<u>-</u>	<u>(1,766,129)</u>	<u>(15,028)</u>	<u>118,886</u>	<u>-</u>	<u>4,799,097</u>
<b>CAPITAL GRANTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,346</u>
<b>PARTNER CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>847,859</u>	<u>-</u>	<u>-</u>	<u>847,859</u>
<b>CHANGE IN NET POSITION</b>	<u>-</u>	<u>(1,766,129)</u>	<u>832,831</u>	<u>118,886</u>	<u>-</u>	<u>5,666,302</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>1,477</u>	<u>5,156,963</u>	<u>-</u>	<u>257,499</u>	<u>-</u>	<u>27,289,074</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 1,477</u>	<u>\$ 3,390,834</u>	<u>\$ 832,831</u>	<u>\$ 376,385</u>	<u>\$ -</u>	<u>\$ 32,955,376</u>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2021**

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from tenants/participants	\$ 313,336	\$ 742,686	\$ 311,917	\$ -	\$ -	\$ 103,786
Cash received from operating grants	4,089,708	2,829,417	747,519	3,890,404	265,687	235,779
Other income received	29,683	231,685	15,594	19,023	-	7,002
Cash (payments for) received from interfund services provided	-	-	-	(11,915)	2,257	-
Cash payments to vendors	(1,423,789)	(2,805,337)	(1,170,061)	(297,213)	(65,137)	(290,179)
Cash payments to employees	(209,109)	(1,084,311)	(214,125)	(233,614)	(202,807)	(32,097)
Cash payments for housing assistance	(208,263)	-	-	(3,291,533)	-	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>2,591,566</u>	<u>(85,860)</u>	<u>(309,156)</u>	<u>75,152</u>	<u>-</u>	<u>24,291</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital grants	-	19,346	-	-	-	-
Proceeds from sale of capital assets	4,451,706	11,211	-	-	-	1,334,223
Acquisition of capital assets	(4,284)	(291,638)	(837)	(138)	-	(520,753)
Proceeds from issuance of notes and loans payable	-	-	-	-	-	-
Payments on line of credit	-	-	-	-	-	(43,969)
Principal payments	-	-	-	-	-	-
Interest paid	-	-	-	-	-	(35,340)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>4,447,422</u>	<u>(261,081)</u>	<u>(837)</u>	<u>(138)</u>	<u>-</u>	<u>734,161</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Extraordinary maintenance and insurance proceeds, net	2,442	(3,376)	(17,400)	-	-	-
Operating transfers (out) in	(6,946,363)	9,877	1,515	76,137	-	8,081,180
Partner contributions	-	-	-	-	-	-
<b>NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(6,943,921)</u>	<u>6,501</u>	<u>(15,885)</u>	<u>76,137</u>	<u>-</u>	<u>8,081,180</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Notes receivable issued	-	-	-	-	-	(6,405,186)
Interest received	937	3,783	376	97	-	372
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>937</u>	<u>3,783</u>	<u>376</u>	<u>97</u>	<u>-</u>	<u>(6,404,814)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS</b>	96,004	(336,657)	(325,502)	151,248	-	2,434,818
<b>CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR</b>	<u>1,400,443</u>	<u>5,303,929</u>	<u>654,420</u>	<u>53,618</u>	<u>-</u>	<u>1,158,976</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<u>\$ 1,496,447</u>	<u>\$ 4,967,272</u>	<u>\$ 328,918</u>	<u>\$ 204,866</u>	<u>\$ -</u>	<u>\$ 3,593,794</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2021**

	NON-FEDERAL	COMPONENT UNITS		COCC	ELIMINATING ENTRY	TOTAL
		SICHC	BELLEVIEW			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from tenants/participants	\$ -	\$ 397,393	\$ 10,875	\$ -	\$ -	\$ 1,879,993
Cash received from operating grants	-	551,622	15,518	-	(622,893)	12,002,761
Other income received	-	43,254	-	1,621,170	(1,646,984)	320,427
Cash received from interfund services provided	-	-	-	9,658	-	-
Cash payments to vendors	-	(764,065)	(13,892)	(565,899)	1,646,984	(5,748,588)
Cash payments to employees	-	(258,136)	(12,497)	(649,645)	-	(2,896,341)
Cash payments for housing assistance	-	-	-	-	622,893	(2,876,903)
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>-</u>	<u>(29,932)</u>	<u>4</u>	<u>415,284</u>	<u>-</u>	<u>2,681,349</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital grants	-	-	-	-	-	19,346
Proceeds from sale of capital assets	-	2,041,340	-	10,100	(6,925,187)	923,393
Acquisition of capital assets	-	(150,052)	(10,255,172)	(85,118)	6,925,187	(4,382,805)
Proceeds from issuance of notes and loans payable	-	-	9,407,309	-	(6,405,186)	3,002,123
Payments on line of credit	-	-	-	-	-	(43,969)
Principal payments	-	(163,433)	-	-	-	(163,433)
Interest paid	-	(43,043)	-	-	-	(78,383)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>1,684,812</u>	<u>(847,863)</u>	<u>(75,018)</u>	<u>(6,405,186)</u>	<u>(723,728)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Extraordinary maintenance and insurance proceeds, net	-	-	-	-	-	(18,334)
Operating transfers (out)	-	(1,026,527)	-	(195,819)	-	-
Partner contributions	-	-	847,859	-	-	847,859
<b>NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>(1,026,527)</u>	<u>847,859</u>	<u>(195,819)</u>	<u>-</u>	<u>829,525</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Notes receivable issued	-	-	-	-	6,405,186	-
Interest received	-	344	-	106	-	6,015
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>344</u>	<u>-</u>	<u>106</u>	<u>6,405,186</u>	<u>6,015</u>
<b>NET INCREASE IN CASH AND CASH INVESTMENTS</b>	-	628,697	-	144,553	-	2,793,161
<b>CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR</b>	<u>1,477</u>	<u>856,567</u>	<u>-</u>	<u>4,177</u>	<u>-</u>	<u>9,433,607</u>
<b>CASH AND CASH INVESTMENTS AT END OF YEAR</b>	<u>\$ 1,477</u>	<u>\$ 1,485,264</u>	<u>\$ -</u>	<u>\$ 148,730</u>	<u>\$ -</u>	<u>\$ 12,226,768</u>

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**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2021**

	PUBLIC HOUSING			SECTION 8	ROSS	BUSINESS ACTIVITIES
	AMP 1	AMP 3	AMP 4			
<u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and investments	\$ 1,472,716	\$ 4,812,082	\$ 309,888	\$ 39,770	\$ -	\$ 120,268
Cash and investments - restricted	23,731	155,190	19,030	165,096	-	3,473,526
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b><u>\$ 1,496,447</u></b>	<b><u>\$ 4,967,272</u></b>	<b><u>\$ 328,918</u></b>	<b><u>\$ 204,866</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,593,794</u></b>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating income (loss)	\$ 2,416,818	\$ (915,750)	\$ (400,320)	\$ 574	\$ -	\$ (76,675)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	186,290	674,369	105,543	5,212	-	123,776
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(1,473)	(14,202)	(1,402)	-	-	(310)
Accounts receivable - HUD	7,953	57,583	4,902	19,142	(2,923)	-
Due from other programs	-	-	-	-	-	-
Inventory	-	12,810	7,937	-	-	-
Prepaid expenses	2,704	(11,580)	(1,326)	(3,103)	-	984
Increase (decrease) in liabilities						
Accounts payable	1,373	(14,883)	2,354	(405)	(215)	(1,566)
Accounts payable - HUD	-	-	-	10,869	-	-
Accrued expenses	12,610	113,752	12,275	33,674	881	(2,883)
Unearned revenue	(1,202)	9,063	(17,064)	-	-	(1,015)
Due to other programs	-	-	-	(11,915)	2,257	-
Due to other governments	(2,383)	(8,882)	(8,736)	-	-	(3,393)
Tenants' FSS escrow, non-current portion	(14,030)	8,111	-	21,104	-	-
Tenants' security deposits	(17,094)	3,749	(13,319)	-	-	(14,627)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 2,591,566</u></b>	<b><u>\$ (85,860)</u></b>	<b><u>\$ (309,156)</u></b>	<b><u>\$ 75,152</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 24,291</u></b>

(Continued on page 44)

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**COMBINING STATEMENT OF CASH FLOWS - Continued**  
**YEAR ENDED MARCH 31, 2021**

	NON-FEDERAL	COMPONENT UNITS		COCC	ELIMINATING ENTRY	TOTAL
		SICHC	BELLEVIEW			
<u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and investments	\$ 1,477	\$ 973,153	\$ -	\$ 148,730	\$ -	\$ 7,878,084
Cash and investments - restricted	-	512,111	-	-	-	4,348,684
<b>CASH AND INVESTMENTS PER STATEMENT OF NET POSITION</b>	<b>\$ 1,477</b>	<b>\$ 1,485,264</b>	<b>\$ -</b>	<b>\$ 148,730</b>	<b>\$ -</b>	<b>\$ 12,226,768</b>
<u>RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating (loss) income	\$ -	\$ (201,091)	\$ (15,028)	\$ 304,499	\$ -	\$ 1,113,027
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities						
Depreciation	-	160,968	10,139	55,953	-	1,322,250
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	-	10,164	(4,621)	(3,662)	-	(15,506)
Accounts receivable - HUD	-	5,701	-	-	-	92,358
Due from other programs	-	-	-	9,658	(9,658)	-
Inventory	-	(1,442)	-	-	-	19,305
Prepaid expenses	-	4,454	(5,904)	10,020	-	(3,751)
(Decrease) increase in liabilities						
Accounts payable	-	(9,140)	15,418	6,391	-	(673)
Accounts payable - HUD	-	-	-	-	-	10,869
Accrued expenses	-	7,891	-	32,425	-	210,625
Unearned revenue	-	124	-	-	-	(10,094)
Due to other programs	-	-	-	-	9,658	-
Due to other governments	-	(1,339)	-	-	-	(24,733)
Tenants' FSS escrow, non-current portion	-	-	-	-	-	15,185
Tenants' security deposits	-	(6,222)	-	-	-	(47,513)
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (29,932)</b>	<b>\$ 4</b>	<b>\$ 415,284</b>	<b>\$ -</b>	<b>\$ 2,681,349</b>

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**STATEMENT AND CERTIFICATION OF FAMILY SELF-SUFFICIENCY (FSS) COSTS**  
**MARCH 31, 2021**

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>FSS20IN3386</u>
Funds approved	\$ 176,874
Funds expended	<u>176,874</u>
<b>EXCESS (DEFICIENCY) OF FUNDS APPROVED</b>	<b><u>\$ -</u></b>
HUD grants	\$ 176,874
Funds expended	<u>176,874</u>
<b>EXCESS (DEFICIENCY) OF FUNDS EXPENDED</b>	<b><u>\$ -</u></b>

2. The distribution of costs as shown on the Final Statement of FSS Costs dated February 9, 2021, accompanying the FSS Cost Certificates submitted to HUD are in agreement with the Authority's records.
3. All FSS costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED MARCH 31, 2021**

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THROUGH GRANT IDENTIFICATION NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs</u>				
Housing Voucher Cluster	14.871	N/A		
Section 8 Housing Choice Vouchers			-	\$ 3,565,248
Section 8 Housing Choice Vouchers - CARES			-	143,153
Other Public Housing Authorities			-	<u>51,567</u>
Total Housing Choice Voucher Cluster				3,759,968
Family Unification Program	14.880	N/A	-	100,425
Public Housing	14.850	N/A		
Public Housing			-	3,308,707
Public Housing - CARES			-	<u>515,180</u>
				3,823,887
Resident Opportunity & Support Services - Service Coordinator	14.870	N/A	-	90,318
Capital Funds Program	14.872	N/A	-	3,791,665
Family Self-Sufficiency Program	14.896	N/A	-	<u>178,292</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 11,744,555</u></b>

**Note 1 - Basis of Presentation**

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

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of New Albany has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

The Housing Authority of the City of New Albany received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended March 31, 2021.

The Housing Authority of the City of New Albany had no loans or loan guarantees required to be disclosed for the fiscal year ended March 31, 2021.

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

**OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of New Albany (the "Authority"), as of and for the year ended March 31, 2021, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report hereon dated November 23, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of This Report**

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

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
November 23, 2021

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

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

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

We have audited Housing Authority of the City of New Albany's (the "Authority") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
November 23, 2021

**HOUSING AUTHORITY OF THE CITY OF NEW ALBANY**  
**New Albany, Indiana**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED MARCH 31, 2021**

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

*Basic Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major federal programs:

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

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

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

Identification of federal major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Housing Voucher Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

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

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

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