

EVANSDALE MUNICIPAL HOUSING AUTHORITY

**Independent Auditor's Reports
Basic Financial Statements & Supplementary Information
Schedule of Findings
Year Ended June 30, 2015**

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EVANSDALE MUNICIPAL HOUSING AUTHORITY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Darnell Jones	Chairperson	Jan 2016
John Mardis	Vice-Chairperson	Jan 2016
Dean Payne	Member	Jan 2015
Mike Taylor	Member	Jan 2016
Amreica Sims	Member	Jan 2017
Pete Curtis*	Member	Jan 2017
Michael Benning	Executive Director	Indefinite
*Replaced Dean Payne		

Independent Auditor's Report

To the Board of Directors
of Evansdale Municipal Housing Authority
Evansdale, Iowa

Report on the Financial Statements

I have audited the accompanying statement of net position of the Evansdale Municipal Housing Authority as of June 30, 2015, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 and the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards require that I 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 Organization'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 Organization's internal control. Accordingly, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evansdale Municipal Housing Authority, as of June 30, 2015, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis on a Matter

As discussed in Note 11 to the financial statements, Evansdale Municipal Housing Authority adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions -- an Amendment of GASB Statement No. 27. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Housing Authority's Proportionate Share of the Net Pension Liability and the Schedule of the Housing Authority's Contributions on pages 4 through 7 and 19 through 21 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

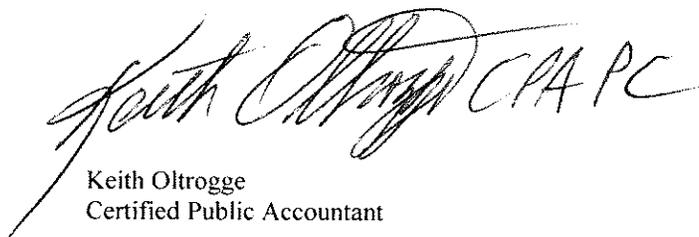
Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Evansdale Municipal Housing Authority's basic financial statements. The supplementary information included in Schedules I through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 9, 2015 on my consideration of the Evansdale Municipal Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Evansdale Municipal Housing Authority's internal control over financial reporting and compliance.



Keith Oltrogge
Certified Public Accountant

Denver, Iowa
December 9, 2015

Evansdale Municipal Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended June 30, 2015

Management of Evansdale Municipal Housing Authority provides this Management's Discussion and Analysis of Evansdale Municipal Housing Authority's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Housing Authority's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The Housing Authority's operating income decreased by 12%, or approximately \$68,000, from fiscal 2014 to fiscal 2015. This is due primarily to a decrease in HUD grant revenue.
- Operating expenses increased 1%, or approximately \$3,700, from fiscal 2014 to fiscal 2015. This increase reflects increased wages and supply costs for maintenance and repairs to the low rent housing units.
- The Housing Authority's net position decreased 7%, or approximately \$87,000, from June 30, 2014 to June 30, 2015. This is due to the decrease in revenue.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Housing Authority's financial activities.

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These statements provide information about the activities of the Housing Authority.

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

Required Supplementary Information further explains and supports the financial statements with the Housing Authority's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the operations of the Housing Authority. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Housing Authority.

REPORTING THE HOUSING AUTHORITY'S FINANCIAL ACTIVITIES

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Housing Authority's finances is "Is the Housing Authority as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information which help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, 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.

The Statement of Net Position includes all of the Housing Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "Net Position". Over time, increases or decreases in the Housing Authority's net position may serve as a useful indicator of whether its financial position of the Housing Authority is improving or deteriorating. To assess the Housing Authority's overall health, additional non-financial factors such as the condition of buildings, need to be considered.

The Statement of Revenue, Expenses and Change in Net Position presents information showing how the Housing Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

FINANCIAL ANALYSIS OF THE HOUSING AUTHORITY

The table below provides a summary of the Housing Authority's net position:

Condensed Statement of Net Position

	June 30			
	2015	2014 (not restated)	2013 (not restated)	2012 (not restated)
Current assets	\$ 319,298	\$ 439,041	\$ 380,148	\$ 493,035
Capital assets, net of depreciation	998,280	966,918	1,020,379	1,076,133
Total assets	<u>\$ 1,317,578</u>	<u>\$ 1,405,959</u>	<u>\$ 1,400,527</u>	<u>\$ 1,569,168</u>
Deferred outflows of resources	\$ 11,968	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ 120,024</u>	<u>\$ 44,677</u>	<u>\$ 44,759</u>	<u>\$ 41,274</u>
Deferred inflows of resources	\$ 35,619	\$ -	\$ -	\$ -
Net position:				
Net investment in capital assets	\$ 998,280	\$ 966,918	\$ 1,020,379	\$ 1,076,133
Restricted	4,151	14,716	2,144	66,017
Unrestricted	171,472	379,648	333,245	385,744
Total net position	<u>\$ 1,173,903</u>	<u>\$ 1,361,282</u>	<u>\$ 1,355,768</u>	<u>\$ 1,527,894</u>

The Housing Authority's total net position decreased 7%, or approximately \$86,000, from the prior year. The largest portion of the Housing Authority's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The Housing Authority's restricted net position decreased approximately \$11,000, or 71%, over the prior year. The decrease was primarily a result of decreased grant revenue from HUD.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$208,000, or 55%. This reduction in unrestricted net position was a result of the Housing Authority's net pension liability and net pension expense recorded in the current year and decreased funding from HUD.

Governmental Accounting Standards Board Statement No 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$100,414, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

The following shows the changes in net position for the Housing Authority.

Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015, 2014, 2013 and 2012

	2015	2014	2013	2012
		(not restated)	(not restated)	(not restated)
Operating revenues:				
Tenant rent revenue	\$ 117,835	\$ 113,839	\$ 113,187	\$ 112,417
Operating grants	645,126	713,755	512,402	666,697
Other operating revenues	489	614	1,141	5,470
Total operating revenues	<u>\$ 763,450</u>	<u>\$ 828,208</u>	<u>\$ 626,730</u>	<u>\$ 784,584</u>
Operating expenses:				
General service	\$ 101,024	\$ 98,400	\$ 98,114	\$ 96,528
Fiscal and administrative service	173,904	172,855	161,631	152,544
Total operating expenses	<u>\$ 274,928</u>	<u>\$ 271,255</u>	<u>\$ 259,745</u>	<u>\$ 249,072</u>
Operating income	<u>\$ 488,522</u>	<u>\$ 556,953</u>	<u>\$ 366,985</u>	<u>\$ 535,512</u>
Non-operating revenues (expenses):				
HAP payments	\$ -462,497	\$ -470,473	\$ -447,541	\$ -419,371
Extraordinary maintenance	-2,880	-	-	-
Casualty loss – non-capitalized	-14,263	-	-	-1,000
Provision for depreciation	-98,396	-97,710	-94,847	-93,482
Other income	-	13,662	-	-
Interest income	2,549	3,082	3,512	4,817
Total non-operating revenues (expenses)	<u>\$ -575,487</u>	<u>\$ -551,439</u>	<u>\$ -538,876</u>	<u>\$ -509,036</u>
Change in net position	\$ -86,965	\$ 5,514	\$ -171,891	\$ 26,476
Prior period adjustment	-676	-	-235	-
Net position, beginning of the year, as restated	<u>1,261,544</u>	<u>1,355,768</u>	<u>1,527,894</u>	<u>1,501,418</u>
Net Position, End of Year	<u>\$ 1,173,903</u>	<u>\$ 1,361,282</u>	<u>\$ 1,355,768</u>	<u>\$ 1,527,894</u>

As shown, the Housing Authority as a whole experienced an 8% decrease in revenues and a 2% increase in expenses. The increase in expenses is related to increases in repairs and maintenance expenses.

Operating Income

The first component of the overall change in the Housing Authority's net position is its operating income, which is the difference between the sum of the tenant rent revenue, operating grants and other operating revenues and the expenses incurred to perform those services. Operating income is consistent with the Housing Authority's operating history as the Housing Authority was formed and is operated primarily to serve residents of the City of Evansdale and the surrounding area. The Housing Authority receives grants from the U.S. Department of Housing and Urban Development (HUD) to provide resources to enable the facility to serve lower income and other residents without the ability to pay for services received.

Operating revenues decreased approximately \$65,000. This decrease comes from decreased funds received from HUD.

General service expenses include plant operating expenses and utilities. These costs remained the same due to decreased wages and benefits.

Fiscal and administrative service expenses include salaries and wages and related employee benefits. These costs increased 3% during the current fiscal year.

Non-operating revenues and expenses consist primarily of housing assistance payments, depreciation, miscellaneous expenses and investment income. The increase in non-operating revenues and expenses is due to the increase in miscellaneous expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Housing Authority’s capital assets include land, buildings and improvements and equipment. Capital assets totaled \$998,280 (net of accumulated depreciation) at June 30, 2015. See Note 3 to the financial statements for more information about the Housing Authority’s capital assets.

The major capital outlays during the year included appliances, flooring and sidewalks.

Capital Assets, net of Depreciation/Amortization

	Total Housing Authority		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
Land	\$ 158,464	\$ 158,464	\$ -
Buildings	687,481	730,329	-5.9%
Improvements other than buildings	129,579	54,113	139.5%
Furniture and equipment	22,756	24,012	-5.2%
Total	\$ 998,280	\$ 966,918	\$ 3.2%

Long-term Debt

At June 30, 2015, the Housing Authority had no outstanding debt.

ECONOMIC FACTORS

Evansdale Municipal Housing Authority’s financial position deteriorated during the current fiscal year due to the decreased funding from HUD. The current condition of the economy in the state and the nation continues to be a concern for Housing Authority officials. Some of the realities that may have become challenges for the Housing Authority to meet are:

- Utility costs are increasing.
- Facilities at the Housing Authority require constant maintenance and upkeep as they age.
- Expected reductions in HUD reimbursement rates.
- The Housing Authority anticipates the current fiscal year will be difficult. The Housing Authority will maintain a close watch over resources.

CONTACTING THE HOUSING AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our tenants, suppliers and taxpayers with a general overview of the Housing Authority’s finances and to show the Housing Authority’s accountability for the money it receives. If you have any questions about this report and/or need additional financial information, contact Michael Benning, 119 Morrell Court, Evansdale IA 50707.

Basic Financial Statements

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Statement of Net Position

June 30, 2015

Assets

Current assets:

Cash and cash equivalents-unrestricted	\$ 85,148
Cash and cash equivalents-tenant security deposits	8,625
Investments	160,687
Receivables:	
Accounts receivable – HUD other projects	50,131
Accounts receivable - miscellaneous	1,125
Accounts receivable – tenants	2,294
Fraud recovery, net of allowance for doubtful accounts of \$1,678	700
Prepaid expenses	10,588
Total current assets	<u>\$ 319,298</u>

Non-current assets:

Capital assets	\$ 2,860,407
Less accumulated depreciation	<u>-1,862,127</u>
Net capital assets	<u>\$ 998,280</u>

Total assets\$ 1,317,578**Deferred Outflows of Resources**

Pension related deferred outflows	<u>\$ 11,968</u>
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Liabilities

Current liabilities:

Accounts payable – vendors	\$ 7,536
Accrued payroll taxes	5,729
Accounts payable – other government	9,001
Accounts payable-other	6,929
Tenant security deposits	8,625
Accrued compensated absences – current portion	4,570
Unearned revenue	552
Total current liabilities	<u>\$ 42,942</u>

Noncurrent liabilities:

Net pension liability	\$ 71,443
Accrued compensated absences - noncurrent	<u>5,639</u>
Total noncurrent liabilities	<u>\$ 77,082</u>

Total Liabilities\$ 120,024**Deferred Inflows of Resources**

Pension related deferred inflows	<u>\$ 35,619</u>
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Net position

Invested in capital assets, net of related debt	\$ 998,280
Restricted:	
Housing assistance payments	4,151
Unrestricted	<u>171,472</u>
Total net position	<u>\$ 1,173,903</u>

See notes to financial statements.

EVANSDALE MUNICIPAL HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2015

Operating Revenues:	
Tenant rent revenue	\$ 117,835
Operating grants	645,126
Other operating revenues	489
Total operating revenues	<u>\$ 763,450</u>
Operating expenses:	
General service	\$ 101,024
Fiscal and administrative service	173,904
Total operating expenses	<u>\$ 274,928</u>
Operating income	<u>\$ 488,522</u>
Non-operating revenues (expenses):	
HAP payments	\$ -462,497
Interest income	2,549
Extraordinary maintenance	-2,880
Casualty loss – non-capitalized	-14,263
Provision for depreciation	-98,396
Total non-operating revenues (expenses)	<u>\$ -575,487</u>
Decrease in net position	\$ -86,965
Prior period adjustment	-676
Net position beginning of year, as restated	<u>1,261,544</u>
Net position end of year	<u>\$ 1,173,903</u>

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Statement of Cash Flows

Year Ended June 30, 2015

Cash flows from operating activities:		
Cash received from tenant rents		\$ 117,404
Cash paid to suppliers for goods and services		-158,109
Cash paid to employees for services		-81,324
Other operating grants and revenues		640,738
Net cash provided by operating activities		<u>\$ 518,709</u>
Cash flows from non-capital financing activities:		
HAP payments		<u>-462,497</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		<u>\$ -129,759</u>
Cash flows from investing activities:		
Interest on investments-reinvested		<u>2,549</u>
Net increase (decrease) in cash and cash equivalents		\$ -70,998
Cash and cash equivalents beginning of year		<u>164,771</u>
Cash and cash equivalents end of year		<u>\$ 93,773</u>
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents		\$ 85,148
Assets whose use is limited:		
Cash and cash equivalents		8,625
Total cash and cash equivalents		<u>\$ 93,773</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating income		<u>\$ 488,522</u>
Adjustments to reconcile operating loss to net cash used for operating activities:		
Changes in assets and liabilities:		
Decrease (Increase) in accounts receivable		\$ -1,353
(Increase) Decrease in prepaid expense		-307
(Decrease) Increase in accounts payable		174
(Decrease) Increase in accrued payroll taxes		-2,810
(Decrease) Increase in other current liabilities		6,720
(Increase) Decrease in net pension liability		38,821
Decrease (Increase) in deferred outflows of resources		-11,968
(Decrease) Increase in deferred inflows of resources		910
Total adjustments		<u>\$ 30,187</u>
Net cash provided by operating activities		<u>\$ 518,709</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 0</u>	
Cash paid for income tax	<u>\$ 0</u>	

See notes to financial statements.

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Evansdale Municipal Housing Authority of Evansdale, Iowa is authorized to administer 126 units of Housing Choice Vouchers. As of the fiscal year ended June 30, 2015, 123 units were under lease. The Housing Choice Vouchers Program had as its date of inception August 1, 1981. The Section 8 Programs were combined into one as a result of Congress passing the Quality Housing and Work Responsibility Act. The Annual Contributions Contract has been renewed as the Housing Choice Vouchers Program. The Annual Contributions Contract with the Department of Housing and Urban Development is effective through October 1, 2015 for the Housing Choice Vouchers Program.

Evansdale Municipal Housing Authority administers 34 units of locally owned low-rent housing under the Department of Housing and Urban Development's Low-Rent Housing Program.

The Housing Authority's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Evansdale Municipal Housing Authority has included all funds, organizations, agencies, boards, commissions and authorities. The Housing Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Housing Authority are such that exclusion would cause the Housing Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Housing Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Housing Authority. Evansdale Municipal Housing Authority has no component units which meet the Governmental Accounting Standards Board criteria. Evansdale Municipal Housing Authority is a component unit of the City of Evansdale, Iowa. The City is audited separately.

B. Basis of Presentation

The Statement of Net Position presents the Housing Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

When both restricted and unrestricted resources are available for use, generally it is the Housing Authority's policy to use restricted resources first.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority's Enterprise Fund is charges to tenants for rent. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Use of Estimates

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents – The Housing Authority considers savings accounts and all other highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Accounts receivable are shown at the amount expected to be collected after determining the allowance for doubtful accounts based on an aging of all the individual tenant balances.

Inventory – Inventory is valued at historical cost using the first-in, first-out method.

Capital Assets – Capital assets are carried at cost. The Housing Authority computes depreciation on buildings and equipment using primarily the straight-line method. Lives for the building and land improvements are fifteen to fifty years, while the equipment lives range from five to seven years.

Unearned Revenue – Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized.

Unearned revenue in the Statement of Net Position consists of operating subsidy that will not be recognized as revenue until the year for which it is earned.

Compensated Absences – Housing Authority employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

F. Statement of Revenues, Expenses and Changes in Net Position

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of rental services are reported as operating revenues and expenses. Depreciation and Housing Assistance Payments are included in non-operating expenses.

NOTE 2 – CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The Housing Authority’s deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Housing Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The Housing Authority’s investments are in certificates of deposit and are stated at fair value.

The Housing Authority’s investments at June 30, 2015 are as follows:

<u>Certificate of Deposit</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Linn Area Credit Union	1.50%	6-11-16	\$53,544	\$53,544
Linn Area Credit Union	1.10%	5-30-17	53,508	53,508
Linn Area Credit Union	1.34%	5-28-17	53,635	53,635
			<u>\$160,687</u>	<u>\$160,687</u>

Interest rate risk – The Housing Authority’s investment policy limits the investment of funds in instruments that mature within 397 days. The Housing Authority requests bids before it makes an investment.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Additions	Deletions	Adjustments	Balance End of Year
Capital assets not being depreciated:					
Land	\$ 158,464	\$ -	\$ -	\$ -	\$ 158,464
Total capital assets not being depreciated	\$ 158,464	\$ -	\$ -	\$ -	\$ 158,464
Capital assets being depreciated:					
Buildings	\$ 2,415,115	\$ 48,258	\$ -	\$ -1	\$ 2,463,372
Improvements other than buildings	90,542	81,501	-	-	172,043
Equipment	66,527	-	-	1	66,528
Total capital assets being depreciated	\$ 2,572,184	\$ 129,759	\$ -	\$ -	\$ 2,701,943
Less accumulated depreciation for:					
Buildings	\$ 1,671,790	\$ 88,764	\$ -	\$ -	\$ 1,760,554
Improvements other than buildings	36,429	6,034	-	-	42,463
Equipment	55,511	3,598	-	1	59,110
Total accumulated depreciation	\$ 1,763,730	\$ 98,396	\$ -	\$ 1	\$ 1,862,127
Total capital assets being depreciated, net	\$ 808,454	\$ 31,363	\$ -	\$ -1	\$ 839,816
Total capital assets, net	\$ 966,918	\$ 31,363	\$ -	\$ -1	\$ 998,280

NOTE 4 – PENSION PLAN

Plan Description – IPERS membership is mandatory for employees of the Housing Authority, except for those covered by another retirement system. Employees of the Housing Authority are provided with pensions through a cost-sharing, multiple-employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member’s first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member’s highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member’s earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member’s lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Housing Authority contributed 8.93 percent for a total rate of 14.88 percent.

The Housing Authority’s contributions to IPERS for the year ended June 30, 2015 were \$7,716.

Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Housing Authority reported a liability of \$71,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Housing Authority’s proportion of the net pension liability was based on the Housing Authority’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Housing Authority’s collective proportion was 0.001765 percent, which was a decrease of 0.000182 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the Housing Authority recognized pension expense of \$3,395. At June 30, 2015, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 766	\$ -
Changes of assumptions	3,153	-
Net difference between projected and actual earnings on pension plan investments	-	35,619
Changes in proportion and differences between Housing Authority contributions and proportionate share of contributions	333	-
Housing Authority contributions subsequent to the measurement date	7,716	-
Total	\$ 11,968	\$ 35,619

\$7,716 reported as deferred outflows of resources related to pensions resulting from the Housing Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 5,923
2017	5,923
2018	5,923
2019	5,921
2020	-888
Total	<u>\$ 22,802</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	-0.69
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rates and that contributions from the Housing Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Housing Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Housing Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Housing Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Housing Authority’s proportionate share of the net pension liability	\$134,989	\$71,443	\$17,803

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available in IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the Housing Authority reported payables to the defined benefit pension plan of \$598 for legally required employer contributions and \$400 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 5 – OPERATING LEASES

The Housing Authority leases its 34 apartments to individuals. These leases are one-year renewable leases, classified as operating leases. In most cases, management expects that, in the normal course of business, all leases will be renewed or replaced by other leases.

NOTE 6 – COMPENSATED ABSENCES

Housing Authority employees accumulated a limited amount of earned but unused vacation and sick time benefits for subsequent use or for payment upon termination, retirement or death. Amounts representing the cost of compensated absences are recorded as liabilities and have been computed based on current rates of pay.

The Housing Authority’s approximate liability for earned vacation and sick leave at June 30, 2015 is as follows:

Type of Benefit	Amount
Vacation	\$ 3,594
Sick leave	6,615
Total	<u>\$ 10,209</u>

NOTE 7 – RISK MANAGEMENT

Evansdale Municipal Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Housing Authority assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 8 – ECONOMIC DEPENDENCE

Evansdale Municipal Housing Authority receives grant funds from the U.S. Department of Housing and Urban Development. The amount of income received each year is dependent on the amount of qualified Voucher Program Recipients and the Public Housing Operating Budget. During the current fiscal year ended June 30, 2015, income from these government grants represented 84% of Evansdale Municipal Housing Authority’s total income.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Housing Authority operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There is 1 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a high-deductible HSA plan with Wellmark Blue Cross/Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the Housing Authority. The Housing Authority currently finances the retiree benefit plan on a pay-as-you-go basis.

NOTE 10 – SUBSEQUENT EVENTS

The Housing Authority has evaluated subsequent events through December 9, 2015 which is the date that the financial statements were available to be issued.

NOTE 11 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014, as previously reported	\$	1,361,282
Net pension liability at June 30, 2014		-110,264
Deferred outflows of resources		
Related to contributions made after the		
June 30, 2013 measurement date		<u>10,526</u>
Net position July 1, 2014, as restated	\$	<u>1,261,544</u>

Required Supplementary Information

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of the Housing Authority's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	2015
Housing Authority's proportion of the net pension liability	0.001765%
Housing Authority's proportionate share of the net pension liability	\$ 71,443
Housing Authority's covered-employee payroll	\$ 86,403
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	82.69%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Housing Authority will present information for those years for which information is available.

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Housing Authority Contributions

Iowa Public Employees' Retirement System
Last 9 Fiscal Years

Required Supplementary Information

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 7,716	\$ 10,526	\$ 10,498	\$ 9,415	\$ 8,091
Contributions in relation to the statutorily required contribution	-7,716	-10,526	-10,498	-9,415	-8,091
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Housing Authority's covered-employee payroll	\$ 86,403	\$ 117,872	\$ 121,084	\$ 116,667	\$ 116,417
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

	2010		2009		2008		2007
\$	7,415	\$	6,982	\$	5,807	\$	4,552
	-7,415		-6,982		-5,807		-4,552
\$	-	\$	-	\$	-	\$	-
\$	111,504	\$	109,953	\$	95,983	\$	79,165
	6.65%		6.35%		6.05%		5.75%

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Supplementary Information

EVANSDALE MUNICIPAL HOUSING AUTHORITY

General Service Expenses

Year Ended June 30, 2015

Operation of plant:	
Contracts	\$ 67,097
Supplies	18,095
Electricity	2,001
Gas	657
Water	6,896
Sewer	6,278
	<hr/>
Total	<u>\$ 101,024</u>

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Fiscal and Administrative Service Expenses

Year Ended June 30, 2015

Administrative expenses:	
Wages	\$ 81,324
Audit	3,300
Employee benefits	21,701
Compensated absences	6,397
PILOT	9,001
Insurance premiums	8,472
Other administrative expenses	16,624
Advertising and marketing	328
Office expense	8,278
Legal expense	3,483
Travel	14,353
Other general expenses	643
	<hr/>
Total	\$ 173,904

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Financial Data Schedule
Balance Sheet

June 30, 2015

	Low Rent Public Housing	Housing Choice Voucher Program		Total
		Housing Assistance	Administrative	
Assets				
Cash-unrestricted	\$ 46,148	\$ -	\$ 34,849	\$ 80,997
Cash-restricted	-	4,151	-	4,151
Cash-security deposits	8,625	-	-	8,625
Total cash	\$ 54,773	\$ 4,151	\$ 34,849	\$ 93,773
Accounts receivable-HUD other projects	\$ 45,770	\$ -	\$ 4,361	\$ 50,131
Accounts receivable-miscellaneous	1,125	-	-	1,125
Accounts receivable-tenants	2,294	-	-	2,294
Allowance for doubtful accounts-tenants	-	-	-	-
Fraud recovery	-	-	2,378	2,378
Allowance for doubtful accounts-fraud recovery	-	-	-1,678	-1,678
Total receivables, net of allowances for doubtful accounts	\$ 49,189	\$ -	\$ 5,061	\$ 54,250
Investments	\$ 160,687	\$ -	\$ -	\$ 160,687
Prepaid expenses	5,993	-	4,595	10,588
Total other current assets	\$ 166,680	\$ -	\$ 4,595	\$ 171,275
Total current assets	\$ 270,642	\$ 4,151	\$ 44,505	\$ 319,298
Land	\$ 158,464	\$ -	\$ -	\$ 158,464
Buildings	2,442,566	-	1,011	2,443,577
Equipment-dwelling	19,795	-	-	19,795
Equipment-administrative	60,789	-	5,739	66,528
Leasehold improvements	172,043	-	-	172,043
Accumulated depreciation	-1,860,018	-	-2,109	-1,862,127
Total Capital Assets, net of Accumulated Depreciation	\$ 993,639	\$ -	\$ 4,641	\$ 998,280
Total non-current assets	\$ 993,639	\$ -	\$ 4,641	\$ 998,280
Total Assets	\$ 1,264,281	\$ 4,151	\$ 49,146	\$ 1,317,578
Deferred outflows of resources	\$ 6,844	\$ -	\$ 5,124	\$ 11,968
Total Assets and Deferred Outflows of Resources	\$ 1,271,125	\$ 4,151	\$ 54,270	\$ 1,329,546

See accompanying independent auditor's report.

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Financial Data Schedule
Balance Sheet

June 30, 2015

	Low Rent	Housing Choice Voucher Program		Total
	Public Housing	Housing Assistance	Administrative	
Liabilities				
Accounts payable-vendors	\$ 4,495	\$ -	\$ 3,041	\$ 7,536
Accrued payroll taxes	4,521	-	1,208	5,729
Accounts payable-other government	9,001	-	-	9,001
Accrued compensated absences-current portion	3,054	-	1,516	4,570
Accrued liabilities-other	6,929	-	-	6,929
Security deposits	8,625	-	-	8,625
Unearned revenue	552	-	-	552
Total Current Liabilities	\$ 37,177	\$ -	\$ 5,765	\$ 42,942
Accrued compensated absences-non-current	\$ 4,186	\$ -	\$ 1,453	\$ 5,639
Accrued pension and OPEB liabilities	40,851	-	30,592	71,443
Total non-current liabilities	\$ 45,037	\$ -	\$ 32,045	\$ 77,082
Total Liabilities	\$ 82,214	\$ -	\$ 37,810	\$ 120,024
Deferred inflows of resources	\$ 20,367	\$ -	\$ 15,252	\$ 35,619
Equity				
Net investment in capital assets	\$ 993,639	\$ -	\$ 4,641	\$ 998,280
Restricted	-	4,151	-	4,151
Unrestricted	174,905	-	-3,433	171,472
Total Equity-Net Assets/Position	\$ 1,168,544	\$ 4,151	\$ 1,208	\$ 1,173,903
Total Liabilities, Deferred Inflows of Resources and Equity-Net Assets/Position	\$ 1,271,125	\$ 4,151	\$ 54,270	\$ 1,329,546

See accompanying independent auditor's report.

EVANSDALE MUNICIPAL HOUSING AUTHORITY

**Financial Data Schedule
Revenues and Expenses**

Year Ended June 30, 2015

	Capital Fund	Low Rent Public Housing	Housing Choice Voucher Program	
			Housing Assistance	Administrative
Revenue				
Tenant rental revenue	\$ -	\$ 105,843	\$ -	\$ -
Tenant revenue-other	-	11,992	-	-
Total tenant revenue	\$ -	\$ 117,835	\$ -	\$ -
HUD operating grants	\$ 45,770	\$ 70,532	\$ 452,382	\$ 76,442
Fraud recovery	-	-	226	226
Investment income-unrestricted	-	2,518	-	31
Other revenue	-	37	-	-
Total Revenue	\$ 45,770	\$ 190,922	\$ 452,608	\$ 76,699
Expenses				
Administrative:				
Administrative salaries	\$ -	\$ 50,035	\$ -	\$ 31,289
Audit	-	825	-	2,475
Employee benefit contributions	-	13,238	-	8,463
Office expenses	-	2,033	-	6,245
Legal expense	-	1,052	-	2,431
Travel	-	5,107	-	9,246
Advertising and marketing	-	82	-	246
Other operating	-	5,234	-	11,390
Total administrative expenses	\$ -	\$ 77,606	\$ -	\$ 71,785
Utilities:				
Water	\$ -	\$ 6,896	\$ -	\$ -
Electricity	-	2,001	-	-
Gas	-	657	-	-
Sewer	-	6,278	-	-
Total utilities expense	\$ -	\$ 15,832	\$ -	\$ -
Ordinary maintenance and operations:				
Materials	\$ -	\$ 18,095	\$ -	\$ -
Garbage and trash removal contracts	\$ -	\$ 4,916	\$ -	\$ -
Electrical contracts	-	1,945	-	-
Snow removal contracts	-	550	-	-
Landscaping and grounds contracts	-	7,256	-	-
Unit turnaround contracts	-	10,199	-	-
Plumbing contracts	-	6,167	-	-
Heating and cooling contracts	-	6,705	-	-
Extermination contracts	-	3,149	-	-
Miscellaneous contracts	-	26,210	-	-
Total ordinary maintenance and operations contracts	\$ -	\$ 67,097	\$ -	\$ -
Total ordinary maintenance and operations	\$ -	\$ 85,192	\$ -	\$ -

See accompanying independent auditor's report.

<u>Total</u>	
\$	105,843
	11,992
<u>\$</u>	<u>117,835</u>
\$	645,126
	452
	2,549
	37
<u>\$</u>	<u>765,999</u>
\$	81,324
	3,300
	21,701
	8,278
	3,483
	14,353
	328
	16,624
<u>\$</u>	<u>149,391</u>
\$	6,896
	2,001
	657
	6,278
<u>\$</u>	<u>15,832</u>
\$	18,095
<u>\$</u>	<u>4,916</u>
	1,945
	550
	7,256
	10,199
	6,167
	6,705
	3,149
	26,210
<u>\$</u>	<u>67,097</u>
<u>\$</u>	<u>85,192</u>

EVANSDALE MUNICIPAL HOUSING AUTHORITY

**Financial Data Schedule
Revenues and Expenses**

Year Ended June 30, 2015

	Capital Fund	Low Rent Public Housing	Housing Choice Voucher Program	
			Housing Assistance	Administrative
Insurance:				
Property insurance	\$ -	\$ 4,918	\$ -	\$ -
Liability insurance	-	1,943	-	-
Workmen's compensation	-	1,088	-	-
All other insurance	-	523	-	-
Total insurance premiums	\$ -	\$ 8,472	\$ -	\$ -
Other general expenses:				
Compensated absences	\$ -	\$ 4,389	\$ -	\$ 2,008
Payments in lieu of taxes	-	9,001	-	-
Other general expenses	-	-	-	643
Total other general expenses	\$ -	\$ 13,390	\$ -	\$ 2,651
Total operating expenses	\$ -	\$ 200,492	\$ -	\$ 74,436
Excess (deficiency) revenue over (under) operating expenses	\$ 45,770	\$ -9,570	\$ 452,608	\$ 2,263
Other expenses:				
Extraordinary maintenance	\$ -	\$ 2,880	\$ -	\$ -
Casualty losses-non-capitalized	-	14,263	-	-
Depreciation	-	97,181	-	1,215
Housing assistance payments:				
Tenant protection	\$ -	\$ -	\$ 3,631	\$ -
Portability out	-	-	7,533	-
All other	-	-	451,333	-
Total housing assistance payments	\$ -	\$ -	\$ 462,497	\$ -
Total other expenses	\$ -	\$ 114,324	\$ 462,497	\$ 1,215
Total expenses	\$ -	\$ 314,816	\$ 462,497	\$ 75,651
Operating financing sources (uses):				
Operating transfers in	\$ -	\$ 45,770	\$ -	\$ -
Operating transfers out	45,770	-	-	-
Excess (Deficiency) of revenue over (under) expenses	\$ -	\$ -78,124	\$ -9,889	\$ 1,048
Prior period adjustment	-	-57,030	-676	-42,708
Beginning equity	-	1,303,698	14,716	42,868
Ending balance equity	\$ -	\$ 1,168,544	\$ 4,151	\$ 1,208

See accompanying independent auditor's report.

<u>Total</u>	
\$	4,918
	1,943
	1,088
	523
\$	<u>8,472</u>
\$	6,397
	9,001
	643
\$	<u>16,041</u>
\$	<u>274,928</u>
\$	<u>491,071</u>
\$	2,880
	14,263
\$	<u>98,396</u>
\$	3,631
	7,533
	451,333
\$	<u>462,497</u>
\$	<u>578,036</u>
\$	<u>852,964</u>
\$	45,770
	45,770
\$	-86,965
	-100,414
	1,361,282
\$	<u>1,173,903</u>

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Grantor//Program	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Housing Choice Vouchers Program	14.871	\$ 528,824
Public Housing Capital Fund Program	14.872	45,770
Low Rent Public Housing	14.850a	70,532
Total expenditures of federal awards		\$ 645,126

Notes to the Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Evansdale Municipal Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

To the Board of Directors
Evansdale Municipal Housing Authority

I have audited, in accordance with U.S. generally accepted auditing standards 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 Evansdale Municipal Housing Authority as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the Housing Authority's basic financial statements and have issued my report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Evansdale Municipal Housing Authority's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evansdale Municipal Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Evansdale Municipal Housing Authority's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Evansdale Municipal Housing Authority's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Housing Authority's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Housing Authority. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

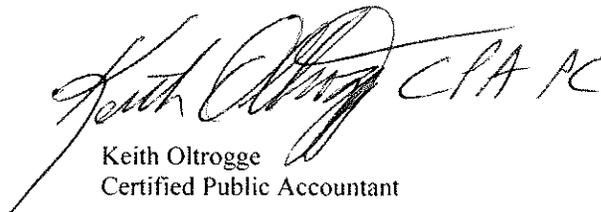
Evansdale Municipal Housing Authority's Responses to the Findings

Evansdale Municipal Housing Authority's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Evansdale Municipal Housing Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Evansdale Municipal Housing Authority during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

December 9, 2015

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Directors
Evansdale Municipal Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Evansdale Municipal Housing Authority's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Evansdale Municipal Housing Authority's major federal programs are identified in Part I of the accompanying Schedule of Findings.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Evansdale Municipal Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I 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 Evansdale Municipal Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my opinion on compliance for each of the major federal programs. However, my audit does not provide a legal determination of Evansdale Municipal Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Evansdale Municipal Housing 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 June 30, 2015.

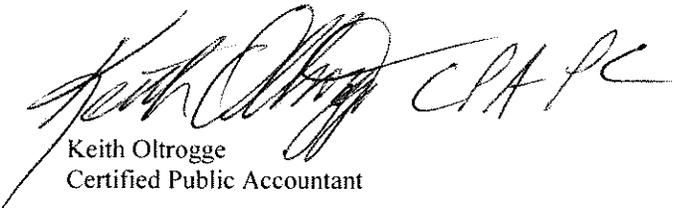
Report on Internal Control Over Compliance

The management of Evansdale Municipal Housing 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 my audit of compliance, I considered Evansdale Municipal Housing 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 appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Evansdale Municipal Housing Authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

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



Keith Oltrogge
Certified Public Accountant

December 9, 2015

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Findings

Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- a) An unmodified opinion was issued on the financial statements.
- b) No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance, which is material to the financial statements.
- d) No significant deficiencies or material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) The major program was
 - Housing Cluster:
 - CFDA Number 14.871 – Housing Choice Vouchers Program.
 - CFDA Number 14.850a – Low Rent Public Housing
 - CFDA Number 14.872 – Public Housing Capital Fund Program
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Evansdale Municipal Housing Authority qualified as a low-risk auditee.

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Findings

Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matter were noted.

INSTANCES OF NON-COMPLIANCE:

(None)

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Findings

Year Ended June 30, 2015

Part III: Findings for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 14.850a: Low-Income Housing Program
CFDA Number 14.871: Housing Choice Vouchers Program
CFDA Number 14.872: Public Housing Capital Fund Program
Federal Award Year: 2015
U.S. Department of Housing & Urban Development

(None)

EVANSDALE MUNICIPAL HOUSING AUTHORITY

Schedule of Findings

Year Ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2015.

IV-B-15 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-15 Travel Expense – No expenditures of Housing Authority money for travel expenses of spouses of Housing Authority officials and/or employees were noted.

IV-D-15 Business Transactions – No business transactions between the Housing Authority and Housing Authority officials were found.

IV-E-15 Board Minutes – No transactions were found that I believe should have been approved in the Board minutes but were not.

IV-F-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Housing Authority's investment policy were noted.

IV-G-15 Electronic Check Retention – Section 554D.114 of the Code of Iowa allows the Housing Authority to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Housing Authority does not receive an image of the back of each cancelled check for the bank accounts.

Recommendation – The Housing Authority should obtain and retain an image of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

Response – We will contact our bank.

Conclusion – Response accepted.

IV-H-15 1099 Forms – 1099 forms were not issued for labor paid in excess of \$600.

Recommendation – 1099 forms should be issued when required.

Response – We will review our year end procedures to ensure everyone who should have a 1099 form gets one.

Conclusion – Response accepted.