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June 20, 2014

Board of Directors  
Noblesville Housing Authority  
320 Kings Lane  
Noblesville, IN 46060

We have reviewed the audit report prepared by Jean Sickels, CPA, Independent Public Accountant, for the period January 1, 2012 to December 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Noblesville Housing Authority, as of December 31, 2012 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

# NOBLESVILLE HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

Noblesville, Indiana

December 31, 2012

*Jean Sickels*

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120  
812-472-3527

870 Cinderella Court  
Decatur, GA 30033  
404-297-9881

NOBLESVILLE  
HOUSING AUTHORITY

Noblesville, Indiana  
DECEMBER 31, 2012

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# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Noblesville Housing Authority  
320 Kings Lane  
Noblesville, Indiana 46060-2423  
**Report on the Financial Statements**

I have audited the accompanying financial statements of the Noblesville Housing Authority ("the Authority") which comprise the statement of net position as of December 31, 2012, and the related statements of changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Noblesville Housing Authority's financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

### *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Noblesville Housing Authority as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through v be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the financial statements, and other knowledge I obtained during my audit of the 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.

**Report on Other Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountant

Fredericksburg, Indiana  
July 10, 2013

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012

*Introduction*

This Management Discussion and Analysis (MD&A) of the Noblesville Housing Authority (Authority) provides an introduction and overview of the financial statements of the Authority for the fiscal year ended December 31, 2012. The Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2012, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's Financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has several individual programs. These programs are listed as follows:

- ❖ The Housing Choice Voucher (HCV) Program provides rental assistance to aid low income families afford, decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment (HAP) to a landlord on behalf of the tenant. The Authority currently has a total of 185 baseline ACC units in addition to 40 port-in and 5 port-out units under HCV portability rules as of 12/31/2012. Funds are provided by the US Department of Housing & Urban Development (HUD) to provide HAP for participating families and administrative fee to the Authority for administrative cost of the program.
- ❖ Under an administrative contract the Authority administers a Community Development Block Grant (CDBG) Entitlement to and for Hamilton County, Indiana. Starting with FY 2010, Hamilton County became the responsible entity for financial accounting and annual audit. The CDBG Program does reimburse NHA for expenses related to the administration of the program. Funding is divided into four strategies: improve the quality of housing stock through rehabilitation and repair of owner occupied units; provide critical infrastructure improvements in six Cities and Towns; provide public service activities through-out the County to benefit low-moderate income persons; and to fund administrative cost.

*Overview of the Financial Statements*

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- ❖ The Statement of Net Position
- ❖ The Statement of Changes in Net Position
- ❖ The Statement of Cash Flows

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(Continued)

**The Statement of Net Position** presents information on the assets and liabilities, with the differences between the two being reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- ❖ Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- ❖ Restricted consists of position that are restricted by limitations placed on these assets by an external source or party.
- ❖ Unrestricted consists of position that do not meet the definition of the above categories. Unrestricted net assets are basically the amount of funds available for future year appropriations.

**The Statement of Changes in Net Position** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2012 to determine the change in net assets for the fiscal year.

**The Statement of Cash Flows** report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2012.

**Financial Highlights**

- ❖ The Authority's total net position decreased from the December 31, 2011 balance of \$408,927 to the December 31, 2012 balance of \$326,688 an decrease of \$82,239.
- ❖ The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$326,688 (net position).
- ❖ The Authority had HUD operating grants of \$1,068,123, other operating income of \$321,358 and investment income of \$869 for the year ended December 31, 2012.

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

*(Continued)*

**Housing Authority Activities and Highlights**

The Noblesville Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2012 and December 31, 2011.

**Summary Statement of Net Position**  
**December 31, 2012 and 2011:**

	<u>2012</u>	<u>2011</u>	<u>NET CHANGE</u>
<b>ASSETS</b>			
<b><u>Current Assets</u></b>			
Cash – Unrestricted	\$ 130,259	\$ 87,286	\$ 42,973
Cash – Restricted	135,363	283,848	(148,485)
Accounts Receivable	74,088	42,887	31,201
Prepaid expenses	<u>647</u>	<u>650</u>	<u>(3)</u>
<b>Current Assets</b>	<u>340,357</u>	<u>414,671</u>	<u>(74,314)</u>
<b><u>Capital Assets</u></b>			
Land & other non-depreciable assets	0	0	0
Depreciable capital assets, net	<u>2,151</u>	<u>2,689</u>	<u>(538)</u>
<b>Total capital Assets</b>	<u>2,151</u>	<u>2,689</u>	<u>(538)</u>
<b>TOTAL ASSETS</b>	<u>\$ 342,508</u>	<u>\$ 417,360</u>	<u>\$ (74,852)</u>
<b>LIABILITIES &amp; NET POSITION</b>			
<b><u>Current Liabilities</u></b>			
Current Liabilities	\$ 14,931	\$ 6,505	\$ 8,426
Noncurrent Liabilities	<u>889</u>	<u>1,928</u>	<u>(1,039)</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 15,820</u>	<u>\$ 8,433</u>	<u>\$ 7,387</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Asset	\$ 2,151	\$ 2,698	\$ (538)
Restricted	212,516	283,848	(71,332)
Unrestricted	<u>112,021</u>	<u>122,390</u>	<u>(10,369)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 326,688</u>	<u>\$ 408,927</u>	<u>\$ (82,239)</u>

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
(Continued)

**Discussion of change in Net Position:**

- \* Assets Cash - Restricted decrease mainly due to increased HAP and decrease funding by HUD.
- \* Assets Accounts Receivable represents the amount due from the CDBG program which is reimbursed monthly to the Authority.
- \* Current Accounts Payable increased for the subject year.

**Summary Statement of  
Changes in Operating Income between December 31, 2012 and 2011:**

	<u>2012</u>	<u>2011</u>	<u>NET CHANGE</u>
<b><u>REVENUES</u></b>			
HUD Operating Grants	\$ 1,068,123	\$ 1,117,170	\$ (49,047)
Investment Income	869	1,189	(320)
Fraud Recovery Income	2,197	4,325	(2,128)
Other Revenue	<u>319,161</u>	<u>275,776</u>	<u>43,385</u>
<b>TOTAL REVENUE</b>	<u>1,390,350</u>	<u>1,398,460</u>	<u>(8,110)</u>
<b><u>EXPENSES</u></b>			
Operating Expenses	135,593	127,435	8,158
Housing Assistance Payments	1,336,458	1,285,577	50,881
Depreciation Expense	<u>538</u>	<u>590</u>	<u>(52)</u>
<b>TOTAL EXPENSES</b>	<u>1,472,589</u>	<u>1,413,602</u>	<u>58,987</u>
<b><u>Net Income (Loss)</u></b>	<u>\$ (82,239)</u>	<u>\$ (15,142)</u>	<u>\$ (67,097)</u>

**Discussion of Changes in Revenues & Expenses:**

- \* HUD Operating Grants decreased approximately 4.4% and operating expenses increased 4.2% from the previous year.
- \* Housing Assistance Payments increase approximately 6.4% from the previous year.

Noblesville Housing Authority  
Noblesville, Indiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012  
*(Continued)*

**Capital Assets**

There were no significant changes in the Authorities capital assets.

**Debt Administration**

The Authority has no debt.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Noblesville Housing Authority  
Attn: Troy Halsell, Executive Director  
320 Kings Lane  
Noblesville, IN 46060-2423

**FINANCIAL STATEMENTS**

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF NET POSITION  
DECEMBER 31, 2012

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 68,663
Restricted cash and cash equivalents	196,959
Accounts receivable, net	74,088
Prepaid insurance	647
<b>Total Current Assets</b>	<b><u>340,357</u></b>

**Capital Assets:**

Land and other non-depreciable assets	0
Depreciable capital assets, net	2,151
<b>Total Capital Assets</b>	<b><u>2,151</u></b>

**Total Assets** **342,508**

**LIABILITIES**

**Current liabilities**

Accounts payable	7,292
Accrued liabilities	7,639
<b>Total Current Liabilities</b>	<b><u>14,931</u></b>

**Noncurrent Liabilities**

Accrued compensated absences	889
<b>Total Noncurrent Liabilities</b>	<b><u>889</u></b>

**Total Liabilities** **15,820**

**NET POSITION**

Net invested in capital assets	2,151
Restricted	212,516
Unrestricted	112,021
<b>Total Net Position</b>	<b><u>\$ 326,688</u></b>

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING REVENUES

Other income \$ 321,358

TOTAL OPERATING REVENUE 321,358

OPERATING EXPENSES

Administrative 126,755

General expense 8,838

Housing assistance payments 1,336,458

Depreciation expense 538

TOTAL OPERATING EXPENSES 1,472,589

OPERATING INCOME (LOSS) (1,151,231)

NONOPERATING REVENUES

Federal operating grants 1,068,123

Interest income 869

TOTAL NONOPERATING REVENUES 1,068,992

CHANGE IN NET ASSETS (82,239)

NET POSITION - BEGINNING OF YEAR 408,927

NET POSITION, END OF YEAR \$ 326,688

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

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	321,358
Payments to vendors		(52,252)
Payments to landlords		(1,336,458)
Payments to employees		(107,152)
Net Cash Used by Operating Activities		<u>(1,174,504)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>1,068,123</u>
Net Cash Flows Provided (Used) by Noncapital Financing Activities		<u>1,068,123</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Loss on removal of assets		0
Acquisition and construction of capital assets		<u>0</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>0</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income		869
Net Cash Provided (Used) from Investing Activities		<u>869</u>

Net Increase (Decrease) in Cash and Cash Equivalents		(105,512)
Cash - Beginning of year		<u>371,134</u>
Cash - End of year	\$	<u><u>265,622</u></u>

Reconciliation of Cash		
Unrestricted	\$	68,663
Restricted		<u>196,959</u>
Total Cash and Cash Equivalents	\$	<u><u>265,622</u></u>

Continued

NOBLESVILLE HOUSING AUTHORITY  
NOBLESVILLE, INDIANA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO  
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (1,151,231)
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	538
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(31,201)
Prepaid expenses	3
Increase (Decrease) in:	
Accounts payable	6,899
Accrued liabilities	488
Net Cash Flows Provided (Used) by Operating Activities	\$ <u>(1,174,504)</u>

The accompanying notes are an integral part of these financial statements

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**NOTE A - Summary of Significant Accounting Policies:**

The financial statements of the NOBLESVILLE HOUSING AUTHORITY ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The NOBLESVILLE HOUSING AUTHORITY is a political subdivision both corporate and politic which was established under the provision of Indiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of the Housing Choice Voucher program formally referred to as the Section 8 program (Contract No. C-2056) and the Community Development Block Grant Entitlement to Hamilton County, Indiana (Contract No. C-2066).

**Reporting Entity**

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Noblesville Housing Authority, a primary government.

The financial statements of the Noblesville Housing Authority include the following:

The Authority had 185 Housing Choice Voucher units in management at December 31, 2011.

**Basis of Presentation**

In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities. The accounting policies of the Authority conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) as applicable to governments.

This special purpose government engaged in activities similar to business activities, uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

**Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Changes in Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

**Net Investment in Capital Assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

**Restricted:** Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

**Unrestricted:** Net position that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

**Budgets** - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Budget compared to actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of Checking and Savings accounts and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and non negotiable Certificates of Deposits to be cash equivalents. There were no noncash investing, non capital, capital and financing activities during the year.

Interprogram Due From and Due To - During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between funds for which the applicable cash transfer had not been made as of the balance sheet date.

Tenant Receivables - Receivables (if any) for charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond December 31, 2012.

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. The Authority's policy is to capitalize assets costing \$250 or more.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Office equipment	5-10 years

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

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

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 liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources as they are allowed.

NOTE B - Deposits, Cash and Cash Equivalents, and Investments:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents, and Investments: (Continued)

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2012, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

At December 31, 2012, the carrying amount of the Authority's deposits was \$265,622. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement.

Deposits consist of the following:

Checking and Savings accounts	<u>\$ 265,622</u>
-------------------------------	-------------------

Restricted cash consists of the following:

Section 8 HAP	\$ 61,596
McKinney Act Refunding Agreement	<u>135,363</u>
Total	<u>\$ 196,959</u>

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2012, consist of the following:

Accounts receivable - HUD	\$ 54,757
Accounts receivable - fraud recovery	13,037
Accounts receivable miscellaneous	<u>6,294</u>
Total	<u>\$ 74,088</u>

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

(Continued)

NOTE D - Prepaid expenses:

Prepaid expenses at December 31, 2012, consist of the following:

Prepaid insurance and expenses \$ 647

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 12/31/10	Increases	Decreases	Transfers	Ending Balance 12/31/11
Capital assets, not being depreciated:					
Land	\$ 0	\$ 0	\$ ( 0)	\$ 0	\$ 0
Total Capital Assets, Not being depreciated	0	0	( 0)	( 0)	0
Capital Assets, being depreciated:					
Buildings & Improvements	0	0	( 0)	0	0
Furniture, Equipment & Machinery	18,816	0	( 0)	0	18,816
Total Capital Assets, being depreciated	18,816	0	( 0)	0	18,816
Less Accumulated Depreciation:	( 16,128)	( 537)	0	0	( 16,665)
Total Capital Assets, being depreciated, net	2,688	( 537)	0	0	2,151
Capital Assets, Net	\$ 2,688	\$( 537)	\$ 0	\$ ( 0)	\$ 2,151

For the year ended December 31, 2012, depreciation expense in the amount of \$537 was recorded.

NOTE F - Accounts payable:

Accounts payable at December 31, 2012, consist of the following:

Accounts payable - Vendors \$ 7,292

NOTE G - Accrued Liabilities:

Accrued Liabilities at December 31, 2012, consist of the following:

Accrued Wage/Payroll Taxes Payable	\$ 5,627
Accrued Compensated absences	<u>2,012</u>
Total	<u>\$ 7,639</u>

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)

**NOTE H - Noncurrent Liabilities:**

Noncurrent liabilities at December 31, 2012, consist of the following:

	<u>12/31/11</u>	<u>Additions</u>	<u>Decreases</u>	<u>12/31/12</u>
Accrued compensated absences	\$ 1,928	\$ 0	\$ ( 1,039)	\$ 889

**NOTE I - Federal Operating Grants:**

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Housing Choice Voucher \$ 1,068,123

**NOTE J - Commitments and Contingencies:**

**Examinations:** The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2011.

**Grant Disallowances:** Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

**NOTE K - Risk Management:**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

**NOTE L - Pension Plan:**

**Plan Description**

The Authority contributes to the Indiana Public Employees' Retirement Fund(PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Authority the right to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

(Continued)

NOTE L - Pension Plan: (Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting: Public Employees' Retirement Fund  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (317) 233-4162

The Authority's contributions were calculated using the base salary amount of \$205,696 for participating employees. During the year ended December 31, 2012, the Authority's required and actual contributions amounted to \$16,970, and the employees contributed \$6,171.

**Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Valuation of Investments**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

NOTE M - Economic Dependency:

The Authority receives approximately 99% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

**SUPPLEMENTAL FINANCIAL INFORMATION**

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

DECEMBER 31, 2012

	<u>ACC</u>		
	<u>C - 2056</u>		
	Section 8		
	Housing		
	Choice	State /	
	Vouchers	Local	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 0	\$ 68,663	\$ 68,663
Restricted cash and cash equivalents	61,596	135,363	196,959
Accounts receivable, net	74,088	0	74,088
Prepaid insurance	647	0	647
<b>Total Current Assets</b>	<b><u>136,331</u></b>	<b><u>204,026</u></b>	<b><u>340,357</u></b>
 <b><u>Capital Assets:</u></b>			
Land and other non-depreciable assets	0	0	0
Depreciable capital assets, net	2,151	0	2,151
<b>Total Capital Assets</b>	<b><u>2,151</u></b>	<b><u>0</u></b>	<b><u>2,151</u></b>
 <b>Total Assets</b>	 <b><u>138,482</u></b>	 <b><u>204,026</u></b>	 <b><u>342,508</u></b>
 <b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable	7,292	0	7,292
Accrued liabilities	7,639	0	7,639
<b>Total Current Liabilities</b>	<b><u>14,931</u></b>	<b><u>0</u></b>	<b><u>14,931</u></b>
 <b><u>Noncurrent Liabilities</u></b>			
Accrued compensated absences	889	0	889
<b>Total Noncurrent Liabilities</b>	<b><u>889</u></b>	<b><u>0</u></b>	<b><u>889</u></b>
 <b>Total Liabilities</b>	 <b><u>15,820</u></b>	 <b><u>0</u></b>	 <b><u>15,820</u></b>
 <b><u>NET POSITION</u></b>			
Net invested in capital assets	2,151	0	2,151
Restricted	77,153	135,363	212,516
Unrestricted	43,358	68,663	112,021
<b>Total Net Position</b>	<b><u>\$ 122,662</u></b>	<b><u>\$ 204,026</u></b>	<b><u>\$ 326,688</u></b>

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012

	ACC		Total
	C - 2056	State / Local	
	Section 8 Housing Choice Vouchers		
<b><u>OPERATING REVENUES</u></b>			
Other income	\$ 321,358	\$ 0	\$ 321,358
<b>TOTAL OPERATING REVENUE</b>	<b>321,358</b>	<b>0</b>	<b>321,358</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative	126,153	602	126,755
General expense	8,838	0	8,838
Housing assistance payments	1,336,458	0	1,336,458
Depreciation expense	538	0	538
<b>TOTAL OPERATING EXPENSES</b>	<b>1,471,987</b>	<b>602</b>	<b>1,472,589</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,150,629)</b>	<b>(602)</b>	<b>(1,151,231)</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Federal operating grants	1,068,123	0	1,068,123
Interest income	311	558	869
<b>TOTAL NONOPERATING REVENUES</b>	<b>1,068,434</b>	<b>558</b>	<b>1,068,992</b>
<b>CHANGE IN NET ASSETS</b>	<b>(82,195)</b>	<b>(44)</b>	<b>(82,239)</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>204,857</b>	<b>204,070</b>	<b>408,927</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 122,662</b>	<b>\$ 204,026</b>	<b>\$ 326,688</b>

Noblesville Housing Authority (IN080)  
Noblesville, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14.871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
111 Cash - Unrestricted		\$68,663	\$68,663	\$68,663
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$61,596	\$135,363	\$196,959	\$196,959
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$61,596	\$204,026	\$265,622	\$265,622
121 Accounts Receivable - PHA Projects	\$4,802		\$4,802	\$4,802
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	\$54,757		\$54,757	\$54,757
125 Accounts Receivable - Miscellaneous	\$1,492		\$1,492	\$1,492
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$13,037		\$13,037	\$13,037
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0	\$0
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$74,088	\$0	\$74,088	\$74,088
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$322		\$322	\$322
143 Inventories	\$325		\$325	\$325
143.1 Allowance for Obsolete inventories	\$0		\$0	\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$136,331	\$204,026	\$340,357	\$340,357
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$18,816		\$18,816	\$18,816
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$16,665		-\$16,665	-\$16,665
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,151	\$0	\$2,151	\$2,151
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$2,151	\$0	\$2,151	\$2,151
190 Total Assets	\$138,482	\$204,026	\$342,508	\$342,508

311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$591		\$591	\$591
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$5,627		\$5,627	\$5,627
322 Accrued Compensated Absences - Current Portion	\$2,012		\$2,012	\$2,012
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Deferred Revenues	\$1,346		\$1,346	\$1,346
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$5,355		\$5,355	\$5,355
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$14,931	\$0	\$14,931	\$14,931
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$889		\$889	\$889
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$889	\$0	\$889	\$889
300 Total Liabilities	\$15,820	\$0	\$15,820	\$15,820
508.1 Invested In Capital Assets, Net of Related Debt	\$2,151		\$2,151	\$2,151
511.1 Restricted Net Assets	\$77,153	\$135,363	\$212,516	\$212,516
512.1 Unrestricted Net Assets	\$43,358	\$68,663	\$112,021	\$112,021
513 Total Equity/Net Assets	\$122,662	\$204,026	\$326,688	\$326,688
600 Total Liabilities and Equity/Net Assets	\$138,482	\$204,026	\$342,508	\$342,508

Noblesville Housing Authority (IN080)  
Noblesville, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	14,871 Housing Choice Vouchers	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,068,123		\$1,068,123	\$1,068,123
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$105	\$188	\$293	\$293
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$4,393		\$4,393	\$4,393
71500 Other Revenue	\$316,965		\$316,965	\$316,965
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$206	\$370	\$576	\$576
70000 Total Revenue	\$1,389,792	\$558	\$1,390,350	\$1,390,350
91100 Administrative Salaries	\$80,920		\$80,920	\$80,920
91200 Auditing Fees	\$4,229		\$4,229	\$4,229
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$26,232		\$26,232	\$26,232
91600 Office Expenses	\$4,952		\$4,952	\$4,952
91700 Legal Expense				
91800 Travel	\$943		\$943	\$943
91810 Allocated Overhead				
91900 Other	\$8,677	\$602	\$9,479	\$9,479
91000 Total Operating - Administrative	\$126,153	\$602	\$126,755	\$126,755
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$0

94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance	\$500		\$500	\$500
96130 Workmen's Compensation				
96140 All Other Insurance	\$276		\$276	\$276
96100 Total Insurance Premiums	\$776	\$0	\$776	\$776
96200 Other General Expenses	\$1,510		\$1,510	\$1,510
96210 Compensated Absences	\$6,552		\$6,552	\$6,552
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$8,062	\$0	\$8,062	\$8,062
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$134,991	\$602	\$135,593	\$135,593
97000 Excess of Operating Revenue over Operating Expenses	\$1,254,801	-\$44	\$1,254,757	\$1,254,757
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$1,036,305		\$1,036,305	\$1,036,305
97350 HAP Portability-In	\$300,153		\$300,153	\$300,153
97400 Depreciation Expense	\$538		\$538	\$538
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,471,987	\$602	\$1,472,589	\$1,472,589
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$82,195	-\$44	-\$82,239	-\$82,239

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$204,857	\$204,070	\$408,927	\$408,927
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$45,509		\$45,509	\$45,509
11180 Housing Assistance Payments Equity	\$77,153		\$77,153	\$77,153
11190 Unit Months Available	2220	0	2220	2220
11210 Number of Unit Months Leased	2220	0	2220	2220
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
	<u>U. S. DEPARTMENT OF HUD</u>			
C-2056	Section 8 Housing Choice Voucher Program	14.871	\$ 1,068,123	\$ 1,068,123
TOTAL HUD FUNDING			<u>1,068,123</u>	<u>1,068,123</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,068,123</u>	<u>\$ 1,068,123</u>

Notes to Schedule of Expenditures of Federal Awards:

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A to the Financial Statements.

OTHER REPORTS

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

Report On Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In  
Accordance With *Government Auditing Standards*

## Independent Auditor's Report

Board of Commissioners  
Noblesville Housing Authority  
320 Kings Lane  
Noblesville, Indiana 46060-2423

I 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 Noblesville Housing Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Noblesville Housing Authority's basic financial statements and have issued my report thereon dated July 10, 2013.

### **Internal Control Over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Noblesville Housing Authority's financial statements are free from 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*.

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

Fredericksburg, Indiana  
July 10, 2013



Certified Public Accountant

# Jean Sickels

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Noblesville Housing Authority  
320 Kings Lane  
Noblesville, Indiana 46060-2423

### Report on Compliance for Each Major Federal Program

I have audited the Noblesville Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Noblesville Housing Authority's major federal programs for the year ended December 31, 2012. The Noblesville Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance with each of the Noblesville 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 the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, 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 the Noblesville Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal Program**

In my opinion, the Noblesville 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 December 31, 2012.

### Report on Internal Control Over Compliance

Management of the Noblesville Housing Authority is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing my audit of the financial statements, I considered the Noblesville 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 audit procedures that are appropriate in the circumstances for the purpose of

expressing my 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 the Noblesville Housing Authority's internal control over compliance.

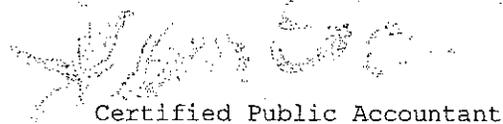
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 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.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

I have audited the financial statements of the Noblesville Housing Authority as of and for the year ended December 31, 2012, and have issued my report thereon dated July 10, 2013. My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Certified Public Accountant

Fredericksburg, Indiana  
July 10, 2013

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

DECEMBER 31, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
~ Material weakness(es) identified?       yes   X  no  
~ Significant deficiencies identified that are  
not considered to be material weaknesses?       yes   X  none reported

Noncompliance material to financial statements  
noted?       yes   X  no

FEDERAL AWARDS

Internal control over major programs:  
~ Material weakness(es) identified?       yes   X  no  
~ Significant deficiencies identified that are  
not considered to be material weakness(es)?       yes   X  none reported

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with section 510(a)  
of Circular A-133?       yes   X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Housing Choice Vouchers

Dollar threshold used to distinguish  
between type A and type B programs:   \$ 300,000  

Auditee qualified as low-risk auditee?   X  yes       no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings.

NOBLESVILLE HOUSING AUTHORITY  
Noblesville, Indiana

DECEMBER 31, 2012

STATUS OF PRIOR FINDINGS AND CURRENT FINDINGS

PRIOR YEAR FINDINGS

There were no prior year findings.

CURRENT YEAR FINDINGS

There are no current year findings.