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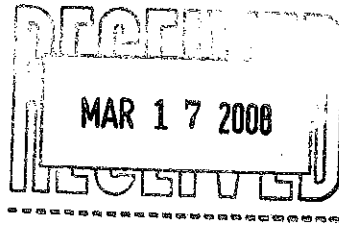
July 24, 2014

Board of Directors
Greencastle Housing Authority
309 E. Franklin Street
Greencastle, IN 46135

We have reviewed the audit report prepared by Sailor, Khan & Co., LLC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Greencastle Housing Authority, as of June 30, 2007 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS



GREENCASTLE HOUSING AUTHORITY
GREENCASTLE, INDIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
AND
REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL

GREENCASTLE HOUSING AUTHORITY
Greencastle, Indiana

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Khan & Co. LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Greencastle Housing Authority
Greencastle, Indiana

We have audited the accompanying basic financial statements of the Greencastle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

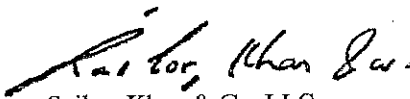
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Greencastle Housing Authority, Indiana, as of June 30, 2007, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages ii to vii is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sailor, Khan & Co. LLC
November 8, 2007

Greencastle Housing Authority

Management's Discussion and Analysis (MD&A)

June 30, 2007

(Unaudited)

This section of the Greencastle Housing Authority, Indiana's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2007. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- ▶ The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2007 were \$218,215. The net assets decreased by \$5,338, a decrease of 2.4% from the prior year.
- ▶ Revenues for the Authority were \$1,467,951 for the year ended June 30, 2007. This was an increase of \$5,867 or 0.4% over the prior year.
- ▶ Expenses for the Authority were \$1,467,385 for the year ended June 30, 2007. This was an increase of \$17,628 or 1.2% over the prior year.
- ▶ Rental revenue for the Authority was \$44,723 for the year ended June 30, 2007, an increase of \$835 or 1.9% over the prior year. HUD operating grants for the Authority was \$1,293,558 for the year ended June 30, 2007, an increase of \$992 or 0.1% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

Greencastle Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2007 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$218,215 at the close of the year ended June 30, 2007 down from \$223,553 in fiscal year 2006. The decrease in net assets of \$5,338 was due to the reasons noted below.

- ▶ Current and other assets include cash, receivables, and prepaid expenses. Of the \$25,848 decrease in this category, cash decreased \$39,454, receivables increased \$14,577, and prepaid expenses decreased \$971.
- ▶ Restricted assets include cash and increased \$6,145 over the prior year.
- ▶ Capital assets decreased \$21,978 because current year depreciation exceeded capital asset additions. Change in capital assets is explained in section titled "Capital Assets and Debt Administration" of this analysis.
- ▶ Current liabilities decreased \$31,513 primarily due to a \$25,681 decrease in accounts payable owed to HUD. The Authority also had a decrease in accounts payable which is amounts owed to vendors and contractors for services rendered or goods purchased in the current fiscal year, but paid in the following fiscal year.
- ▶ Noncurrent liabilities decreased \$4,830 mainly due to current year principal payments on long-term debt.

Greencastle Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net assets were \$96,020 as of June 30, 2007. This amount may be used to meet the Authority's ongoing obligations. The Authority did not have any net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

CONDENSED STATEMENTS OF NET ASSETS
JUNE 30

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 93,175	\$ 119,023	\$ (25,848)	-21.7%
Restricted assets	29,432	23,287	6,145	26.4%
Capital assets	<u>789,277</u>	<u>811,255</u>	<u>(21,978)</u>	-2.7%
Total Assets	<u>911,884</u>	<u>953,565</u>	<u>(41,681)</u>	-4.4%
Current liabilities	19,418	50,931	(31,513)	-61.9%
Noncurrent liabilities	<u>674,251</u>	<u>679,081</u>	<u>(4,830)</u>	-0.7%
Total Liabilities	<u>693,669</u>	<u>730,012</u>	<u>(36,343)</u>	-5.0%
Net Assets				
Invested in capital assets, net of related debt	122,195	141,310	(19,115)	-13.5%
Unrestricted	<u>96,020</u>	<u>82,243</u>	<u>13,777</u>	16.8%
Total Net Assets	<u>\$ 218,215</u>	<u>\$ 223,553</u>	<u>\$ (5,338)</u>	-2.4%

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page, total revenues increased \$5,867 due to the reasons noted below.

- ▶ Rental revenue increased \$835 or 1.9% over the prior year.
- ▶ Of the \$992 increase in HUD operating grants, new construction program assistance received from HUD increased \$10,953 and housing choice voucher program assistance received from HUD decreased \$9,961.
- ▶ Other government grants decreased \$1,767 or 5.5% from FY 2006.
- ▶ Interest income decreased \$8 or 1.2% from FY 2006.

Greencastle Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

- ▶ Other income increased \$5,815 or 6.3% over the prior year due to an increase in donations received for the Authority's emergency shelter program.

Total expenses increased \$17,628 due to the reasons noted below.

- ▶ Of the \$2,153 decrease in personal services, employee wages increased \$2,085 or 1.1%, employee benefits decreased \$163 or 0.9%, and accrued vacation and sick leave decreased \$4,075.
- ▶ Of the \$5,289 decrease in utilities, water decreased \$624 or 14.2%, electricity decreased \$4,690 or 56.5%, gas decreased \$361 or 11.8% and sewer increased \$386 or 10.9%.
- ▶ Operations and maintenance increased \$2,088 or 13.4% over the prior year.
- ▶ Insurance increased \$34 or 0.3% over the prior year.
- ▶ Other supplies and expenses increased \$2,920 or 5.2% mainly due to an increase in other administrative expenses.
- ▶ Housing assistance payments increased \$18,491 or 1.8% due to a 3.5% increase in the number of vouchers issued and outstanding during the current fiscal year for the Section 8 Housing Choice Voucher Program.
- ▶ Interest expense decreased \$210 or 0.4% from FY 2006 due to current year principal payments on outstanding loans.
- ▶ The Authority had a \$1,747 or 6.5% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

Greencastle Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
JUNE 30**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Operating - non-operating:				
Rental revenue	\$ 44,723	\$ 43,888	\$ 835	1.9%
HUD operating grants	1,293,558	1,292,566	992	0.1%
Operating grants - other	30,393	32,160	(1,767)	-5.5%
Interest income	666	674	(8)	-1.2%
Other income	98,611	92,796	5,815	6.3%
Total Revenues	<u>1,467,951</u>	<u>1,462,084</u>	<u>5,867</u>	0.4%
Expenses				
Personal services	213,268	215,421	(2,153)	-1.0%
Utilities	14,003	19,292	(5,289)	-27.4%
Operations and maintenance	17,620	15,532	2,088	13.4%
Insurance	12,467	12,433	34	0.3%
Other supplies and expenses	58,612	55,692	2,920	5.2%
Housing assistance payments	1,072,740	1,054,249	18,491	1.8%
Interest expense	50,131	50,341	(210)	-0.4%
Depreciation	28,544	26,797	1,747	6.5%
Total Expenses	<u>1,467,385</u>	<u>1,449,757</u>	<u>17,628</u>	1.2%
Change in net assets	566	12,327	(11,761)	
Beginning net assets	223,553	211,226	12,327	
Prior period adjustments	(5,904)	---	(5,904)	
Beginning net assets, adjusted	<u>217,649</u>	<u>211,226</u>	<u>6,423</u>	
Ending net assets	<u>\$ 218,215</u>	<u>\$ 223,553</u>	<u>\$ (5,338)</u>	

The Authority had the following programs during the current fiscal year:

1. Northview Apartments - 24 units Section 8 New/Rural Development 515 owned and managed by the Authority. The project had a 93.4% occupancy level in FY 2007, down from 93.8% in FY 2006.
2. Castlebury Apartments - Contract Administrator for 108 units privately owned and managed Section 8 New Construction.
3. Section 8 Housing Choice Vouchers - Authorized to assist 184 households with rental assistance. The lease-up rate for FY 2007 was 96.9%, up from 93.6% in FY 2006.
4. A-Way Home Shelter - 36 bed homeless shelter partially funded through state administered HUD Emergency Shelter Grant. Balance of funding from donations and other grants.

**Greencastle Housing Authority
(Unaudited)
Management's Discussion and Analysis (MD&A) - Continued**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Greencastle Housing Authority, Indiana's capital assets, as of June 30, 2007 amounts to \$789,277 (net of accumulated depreciation). The capital assets includes land, buildings, improvements and equipment.

The total decrease in the Authority's capital assets for the current fiscal year was 2.7% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues and capital contributions were \$6,567 for the year. Depreciation charges for the year totaled \$28,544. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

		<u>Beginning</u>		<u>Additions</u>		<u>Retirements</u>		<u>Depreciation</u>		<u>Ending</u>
Capital assets	\$	811,255	\$	12,674		(6,108)	\$	(28,544)	\$	789,277

Debt Administration - The Authority has a mortgage on its apartment complex known as Northview Apartments held by U.S. Department of Agriculture Rural Development as part of their Section 515 Loan Program. Total mortgage debt as of June 30, 2007 was \$667,082, down from \$669,945 in FY 2006. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Effective July 1, 2007 the Authority will not be the contract administrator for 108 units privately owned and managed Section 8 New Construction known as Castlebury Apartments. The economic impact from not having this contract will be a loss of \$26,767 in administrative fee revenue. The loss of revenue for housing assistance of \$524,537 will be directly offset by a decrease in housing assistance payments of \$524,537.

The Authority is eligible to receive \$432,518 for housing assistance payments and \$52,483 for administrative fees for the months of July 2007 through February 2008 in the Housing Choice Voucher Program. Based on the average housing assistance payment per unit of \$257.93 for FY 2007, the Authority will have sufficient funding to lease 100.0% of its authorized vouchers from July 2007 through February 2008. HUD has not established funding levels for the remaining four months of next fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Max Johnson, Executive Director, Greencastle Housing Authority, 309 East Franklin Street, Greencastle, Indiana 46135.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF NET ASSETS

June 30, 2007

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 58,411.98
Receivable - net of allowances:	
Accounts	21,459.36
Prepaid expenses	<u>13,303.40</u>
Total Current Assets	<u>93,174.74</u>
Noncurrent Assets:	
Restricted assets:	
Cash and cash equivalents	<u>29,431.49</u>
Total restricted assets	<u>29,431.49</u>
Capital assets:	
Land, improvements, and construction in progress	73,120.00
Other capital assets, net of depreciation	<u>716,157.39</u>
Total capital assets- net	<u>789,277.39</u>
Total Noncurrent Assets	<u>818,708.88</u>
Total Assets	<u>\$ 911,883.62</u>

See notes to financial statements

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2007

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 266.37
Accrued salaries, wages and benefits	2,979.07
Accrued compensated absences	3,417.91
Tenant security deposit liability	4,344.00
Interest payable	4,169.26
Current portion of long term debt	3,085.00
Deferred revenues	<u>1,156.58</u>

Total Current Liabilities 19,418.19

Noncurrent Liabilities:

Long term debt	663,997.19
Accrued compensated absences	<u>10,253.70</u>

Total Noncurrent Liabilities 674,250.89

Total Liabilities 693,669.08

NET ASSETS

Invested in capital assets	122,195.20
Unrestricted	<u>96,019.34</u>

Total Net Assets 218,214.54

Total Liabilities and Net Assets \$ 911,883.62

See notes to financial statements

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended June 30, 2007

Operating Revenues:	
Rental revenue	\$ 44,723.39
Operating subsidies- HUD grants	1,293,557.84
Operating subsidies- other grants	30,392.54
Other revenues	<u>98,610.96</u>
Total operating revenues	<u>1,467,284.73</u>
Operating Expenses:	
Personal services	213,267.16
Utilities	14,003.24
Operations and maintenance	17,620.36
Insurance	12,467.24
Other supplies and expenses	58,611.53
Housing assistance payments	1,072,739.84
Depreciation	<u>28,544.43</u>
Total operating expenses	<u>1,417,253.80</u>
Operating income (loss)	<u>50,030.93</u>
Non-operating revenues (expenses):	
Interest and investment earnings	665.53
Interest expense	<u>(50,130.85)</u>
Net non-operating revenues (expenses)	<u>(49,465.32)</u>
Change in net assets	565.61
Net assets at beginning of year	223,552.57
Prior period error corrections	<u>(5,903.64)</u>
Net assets adjusted at beginning of year	<u>217,648.93</u>
Net assets at end of year	<u>\$ 218,214.54</u>

See notes to financial statements

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2007

Cash flows from operating activities:	
Cash received from tenants	\$ 43,984.29
Cash received from HUD grants- operating	1,247,133.82
Cash received from other grants	34,516.60
Cash received from other operating activities	95,508.56
Cash payments for goods and services	(1,179,966.63)
Cash payments to employees-salaries	(197,840.28)
Cash payments for employee benefit contributions	<u>(18,166.36)</u>
Net cash provided (used) by operating activities	<u>25,170.00</u>
Cash flows from capital and related financing activities:	
Payments for capital assets	(6,566.99)
Principal paid on capital debt	(2,862.58)
Interest paid on capital debt	<u>(50,148.74)</u>
Net cash (used) for capital and related financing activities	<u>(59,578.31)</u>
Cash flows from investing activities:	
Interest and dividends	665.53
Receipts (payments) from tenant security deposits	<u>432.00</u>
Net cash provided (used) from investing activities	<u>1,097.53</u>
Net increase (decrease) in cash and cash equivalents	(33,310.78)
Cash and cash equivalents at beginning of year	<u>121,154.25</u>
Cash and cash equivalents at end of year	\$ <u><u>87,843.47</u></u>
Cash and cash equivalents	\$ 58,411.98
Restricted cash and cash equivalents	<u>29,431.49</u>
Total cash and cash equivalents at end of year	\$ <u><u>87,843.47</u></u>

See notes to financial statements

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2007

**Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:**

Operating income (loss)	\$ 50,030.93
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	28,544.43
Allowance for doubtful accounts	821.30
Changes in assets and liabilities:	
Receivables	(15,398.77)
Prepaid expenses	970.45
Accounts and other payables	(37,078.51)
Deferred revenues	19.65
Compensated absences	(2,326.53)
Accrued expenses	<u>(412.95)</u>
Net cash provided (used) by operating activities	\$ <u>25,170.00</u>

See notes to financial statements

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies

The Greencastle Housing Authority (Authority) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Authority complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Authority the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Authority has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1a. Financial Reporting Entity

The Housing Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Housing Authority complies with the provisions of GASB Statement No. 14 as amended by GASB no 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Authority appointed a voting majority of the units' board; the Housing Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1b. Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1b. Basis of Presentation (Continued)

Following is a description of the Authority's programs:

Program	Brief Description
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
New Construction	Accounts for activities of the New Construction program which assists very low-income families, the elderly and the disabled to have decent, safe and sanitary housing through the housing assistance payments receive by the housing authority.
Rural Rental Housing	Accounts for activities of the Northview Apartments which is a HUD Section 8 New Construction/Rural Development 515, apartment complex. The complex consists of four buildings divided into 24 units. There are 6 one-bedroom apartments, 14 two bedroom apartments and 4 three bedroom apartments. The mortgage for the property is held by U.S. Department of Agriculture Rural Development (Formerly the Farmers Home Administration) as part of their Section 515 Loan Program. The low income tenants pay income bases rent with the balance of the rent subsidized through the HUD Section 8 New Construction Program. The Housing Authority obtained the property in December of 1995, with assistance from both Rural Development and HUD because the original owner defaulted on his mortgage with Rural Development.
Emergency Shelter Program	Accounts for activities of the A-Way Home Shelter provides temporary housing for homeless men, women and children. Average occupancy is 12 people per day. The shelter receives Federal funding through the FEMA Emergency Food and Shelter Program and the Emergency Shelter Grant, which is passed through the State of Indiana. The majority of the funding comes from private sources such as the United Way, foundations, churches, businesses and individuals.
Business Activities	The Greencastle Housing Authority maintains an account for housing activities that it is involved in that are not funded by HUD. Activities would include management activities for non-profit housing, inspections for other entities or any other activity that would result in revenue to the Greencastle Housing Authority for activities that do not receive Federal funding.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1d. Assets, Liabilities, and Equity

Cash

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Budgets and Budgetary Accounting

The Authority adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Authority uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$500 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40	years
Furniture, equipment and machinery - dwelling	3 - 10	years
Furniture, equipment and machinery - administration	3 - 7	years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Rural Rental Housing which is a HUD program.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Compensated Absences

The Housing Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

1e. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 2 - Stewardship, Compliance, and Accountability

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2a. Program Accounting Requirements

The Authority complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

Program	Required By
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
New Construction	U.S. Department of Housing and Urban Development
Emergency Shelter Program	U.S. Department of Housing and Urban Development
Emergency Food and Shelter Management Program	U.S. Department of Homeland Security - Federal Emergency Management Agency
Rural Rental Housing	U.S. Department of Agriculture
Business Activities	Greencastle Housing Authority

2b. Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Authority in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Authority must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Authority are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2c. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Emergency Food and Shelter Management Program	Emergency shelter program

For the year ended June 30, 2007, the Authority complied, in all material respects, with these revenue restrictions.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3a. Cash

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or the Authority will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2007, the Authority's bank balances of \$103,139.12, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

3b. Restricted Assets

The restricted assets as of June 30, 2007, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Rural Rental Housing Reserve Acct	\$ 29,431.49	\$ ----	\$ ----	\$ 29,431.49
	<u>\$ 29,431.49</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 29,431.49</u>

3c. Accounts Receivable

Receivables detail at June 30, 2007, is as follows:

Tenant accounts receivable	\$ 3,521.24	
Allowance for doubtful accounts	<u>(352.12)</u>	
Tenants accounts receivable - net		3,169.12
Fraud recovery	3,878.00	
Allowance for doubtful accounts	<u>(775.60)</u>	
Fraud recovery - net		3,102.40
Accounts receivable - HUD		<u>15,187.84</u>
		<u>\$ 21,459.36</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3d Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	(Retirements)	Transfers in (out)	Balance June 30, 2007
Land	\$ 73,120.00	\$ ----	\$ ----	\$ ----	\$ 73,120.00
Building	968,855.93	7,578.40	----	----	976,434.33
Furniture, equipment and machinery- dwelling	----	3,230.65	----	15,849.06	19,079.71
Furniture, equipment and machinery- administration	57,539.69	1,865.65	----	(15,849.06)	43,556.28
Construction in progress	<u>6,107.71</u>	<u>----</u>	<u>(6,107.71)</u>	<u>----</u>	<u>----</u>
	1,105,623.33	<u>\$ 12,674.70</u>	<u>\$ (6,107.71)</u>	<u>\$ ----</u>	1,112,190.32
Accumulated depreciation	<u>294,368.50</u>	<u>\$ 28,544.43</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>322,912.93</u>
Total	<u>\$ 811,254.83</u>				<u>\$ 789,277.39</u>

3e. Accounts Payable

Payable detail at June 30, 2007, is as follows:

Accounts payable - vendors	\$ <u>266.37</u>
	<u>\$ 266.37</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2007 is \$13,671.61.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Non-current Liabilities

As of June 30, 2007, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>10,253.70</u>
Total	\$ <u><u>10,253.70</u></u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2007:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>11,998.61</u>	\$ ----	\$ <u>1,744.91</u>	\$ <u>10,253.70</u>	\$ <u>3,417.91</u>
Total	\$ <u><u>11,998.61</u></u>	\$ ----	\$ <u><u>1,744.91</u></u>	\$ <u><u>10,253.70</u></u>	\$ <u><u>3,417.91</u></u>

3h. Long-term Debt

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2007:

Type of Debt	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due within One Year</u>
Notes Payable-RRH	\$ <u>667,082.19</u>	\$ ----	\$ <u>3,085.00</u>	\$ <u>663,997.19</u>	\$ <u>3,085.00</u>
Total	\$ <u><u>667,082.19</u></u>	\$ ----	\$ <u><u>3,085.00</u></u>	\$ <u><u>663,997.19</u></u>	\$ <u><u>3,085.00</u></u>

Annual Debt Service Requirements

Obligations of business-type activities under capital bases at June 30, 2007 are as follows:

<u>Project/Loan #</u>	<u>Date of Note</u>	<u>Length of Note</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Current Balance</u>
Rural Rental Housing Loan	12-01-95	50 years	\$ 690,000.00	7.50%	\$ <u><u>667,082.19</u></u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3h. Long-term Debt (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2007, are as follows:

Year Ending June 30	Notes Payable <u>Principal</u>
2008	\$ 3,084.81
2009	3,324.30
2010	3,482.37
2011	3,860.47
2012	4,160.17
until maturity	<u>649,170.07</u>
Total	<u>\$ 667,082.19</u>

3i. Interprogram Transactions and Balances

Operating Transfers

	<u>Transfers in</u>	<u>Transfers out</u>
Rural Rental Housing	\$ 111,246.00	\$ ----
New Construction	<u>----</u>	<u>111,246.00</u>
Total	<u>\$ 111,246.00</u>	<u>\$ 111,246.00</u>

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations.

Interprogram Receivable/Payable

Housing Choice Vouchers	\$ 120,318.95
New Construction	(10,802.00)
Emergency Shelter Program	(113,240.70)
Emergency Food & Shelter Management Program	398.94
Rural Rental Housing	<u>3,324.81</u>
Total	<u>\$ ----</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3j. Unrestricted net assets - Prior-period Error Corrections

Following is the composite of error corrections:

1. Accounts payable - HUD - correct prior year accounts payable	\$ <u>(5,903.64)</u>
Totals	\$ <u><u>(5,903.64)</u></u>

NOTE 4 - Other Notes

4a. Employee Retirement Plan

Defined Contribution Plan: The Authority has also provided a defined contribution plan. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest at the start of employment. The Authority contributed 7 percent of covered payroll.

For the year ended June 30, 2007, the following amounts related to the defined contribution plan:

Authority total payroll	\$ 197,427.33
Payroll for covered employees	\$ 197,427.33
Employer (Authority) contributions made	\$ 14,025.67

4b. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Authority manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Auto Owner's Insurance
b. Injuries to employees (workers' compensation)	Purchased insurance with Westfield Group Insurance; Claims are administered by Hunter, Brush & Gossard Insurance & Bonds
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 4 - Other Notes (Continued)

4c. Contingencies

The Authority is subject to possible examination 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. No significant violations of finance-related legal or contractual provisions occurred.

The Authority is involved in discussions regarding the death of a resident of the Away Shelter, which is run by the Authority. At this time no legal action has been taken and no insurance claim has been filed. The ultimate outcome of these discussions cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

June 30, 2007

	<u>Housing Choice Vouchers</u>	<u>New Construction Program</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 19,558.70	\$ 16,044.05
Receivable - net of allowances:		
Accounts	3,102.40	15,187.84
Due from (to) interprogram	120,318.95	(10,802.00)
Prepaid expenses	<u>4,067.35</u>	<u>239.80</u>
Total Current Assets	<u>147,047.40</u>	<u>20,669.69</u>
Noncurrent Assets:		
Capital assets:		
Other capital assets, net of depreciation	<u>1,634.62</u>	<u>1,189.64</u>
Total capital assets- net	<u>1,634.62</u>	<u>1,189.64</u>
Total Noncurrent Assets	<u>1,634.62</u>	<u>1,189.64</u>
Total Assets	<u>\$ 148,682.02</u>	<u>\$ 21,859.33</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2007

	<u>Housing Choice Vouchers</u>	<u>New Construction Program</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 27.64	\$ 9.71
Accrued salaries, wages and benefits	896.49	230.10
Accrued compensated absences	<u>1,598.51</u>	<u>424.61</u>
Total Current Liabilities	<u>2,522.64</u>	<u>664.42</u>
Noncurrent Liabilities:		
Accrued compensated absences	<u>4,795.52</u>	<u>1,273.82</u>
Total Noncurrent Liabilities	<u>4,795.52</u>	<u>1,273.82</u>
Total Liabilities	<u>7,318.16</u>	<u>1,938.24</u>
NET ASSETS		
Invested in capital assets	1,634.62	1,189.64
Unrestricted	<u>139,729.24</u>	<u>18,731.45</u>
Total Net Assets	<u>141,363.86</u>	<u>19,921.09</u>
Total Liabilities and Net Assets	<u>\$ 148,682.02</u>	<u>\$ 21,859.33</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2007

	Emergency Shelter Program	Emergency Food and Shelter Management Program
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,026.00	\$ ----
Due from (to) interprogram	(113,240.70)	398.94
Prepaid expenses	<u>1,275.85</u>	<u>----</u>
Total Current Assets	<u>(109,938.85)</u>	<u>398.94</u>
Noncurrent Assets:		
Capital assets:		
Land, improvements, and construction in progress	40,000.00	----
Other capital assets, net of depreciation	<u>183,070.76</u>	<u>----</u>
Total capital assets- net	<u>223,070.76</u>	<u>----</u>
Total Noncurrent Assets	<u>223,070.76</u>	<u>----</u>
Total Assets	<u>\$ 113,131.91</u>	<u>\$ 398.94</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2007

	<u>Emergency Shelter Program</u>	<u>Emergency Food and Shelter Management Program</u>
LIABILITIES		
Current Liabilities:		
Accrued salaries, wages and benefits	\$ 1,272.50	\$ ----
Accrued compensated absences	906.45	----
Deferred revenues	----	398.94
Total Current Liabilities	<u>2,178.95</u>	<u>398.94</u>
Noncurrent Liabilities:		
Accrued compensated absences	<u>2,719.34</u>	----
Total Noncurrent Liabilities	<u>2,719.34</u>	----
Total Liabilities	<u>4,898.29</u>	<u>398.94</u>
NET ASSETS		
Invested in capital assets	223,070.76	----
Unrestricted	<u>(114,837.14)</u>	----
Total Net Assets	<u>108,233.62</u>	----
Total Liabilities and Net Assets	<u>\$ 113,131.91</u>	<u>\$ 398.94</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2007

	<u>Business Activities</u>	<u>Rural Rental Housing</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,244.00	\$ 17,539.23	\$ 58,411.98
Receivable - net of allowances:			
Accounts	----	3,169.12	21,459.36
Due from (to) interprogram	----	3,324.81	----
Prepaid expenses	----	7,720.40	13,303.40
	<u>3,244.00</u>	<u>31,753.56</u>	<u>93,174.74</u>
Total Current Assets			
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	----	29,431.49	29,431.49
	<u>----</u>	<u>29,431.49</u>	<u>29,431.49</u>
Total restricted assets			
Capital assets:			
Land, improvements, and construction in progress	----	33,120.00	73,120.00
Other capital assets, net of depreciation	----	530,262.37	716,157.39
	<u>----</u>	<u>563,382.37</u>	<u>789,277.39</u>
Total capital assets- net			
Total Noncurrent Assets	<u>----</u>	<u>592,813.86</u>	<u>818,708.88</u>
Total Assets	<u>\$ 3,244.00</u>	<u>\$ 624,567.42</u>	<u>\$ 911,883.62</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

June 30, 2007

	<u>Business Activities</u>	<u>Rural Rental Housing</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ ----	\$ 229.02	\$ 266.37
Accrued salaries, wages and benefits	----	579.98	2,979.07
Accrued compensated absences	----	488.34	3,417.91
Tenant security deposit liability	----	4,344.00	4,344.00
Interest payable	----	4,169.26	4,169.26
Current portion of long term debt	----	3,085.00	3,085.00
Deferred revenues	----	757.64	1,156.58
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	----	13,653.24	19,418.19
Noncurrent Liabilities:			
Long term debt	----	663,997.19	663,997.19
Accrued compensated absences	----	1,465.02	10,253.70
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	----	665,462.21	674,250.89
	<hr/>	<hr/>	<hr/>
Total Liabilities	----	679,115.45	693,669.08
NET ASSETS			
Invested in capital assets	----	(103,699.82)	122,195.20
Unrestricted	3,244.00	49,151.79	96,019.34
	<hr/>	<hr/>	<hr/>
Total Net Assets	3,244.00	(54,548.03)	218,214.54
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ <u>3,244.00</u>	\$ <u>624,567.42</u>	\$ <u>911,883.62</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM**

For Year Ended June 30, 2007

	<u>Housing Choice Vouchers</u>	<u>New Construction Program</u>
Operating Revenues:		
Operating subsidies- HUD grants	\$ 630,387.00	\$ 663,170.84
Other revenues	<u>3,102.40</u>	<u>-----</u>
Total operating revenues	<u>633,489.40</u>	<u>663,170.84</u>
Operating Expenses:		
Personal services	64,211.57	16,385.20
Operations and maintenance	61.09	16.23
Insurance	728.71	193.54
Other supplies and expenses	23,630.17	5,740.16
Housing assistance payments	548,202.48	524,537.36
Depreciation	<u>408.65</u>	<u>297.41</u>
Total operating expenses	<u>637,242.67</u>	<u>547,169.90</u>
Operating income (loss)	<u>(3,753.27)</u>	<u>116,000.94</u>
Non-operating revenues (expenses):		
Interest and investment earnings	<u>331.22</u>	<u>46.03</u>
Net non-operating revenues (expenses)	<u>331.22</u>	<u>46.03</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(3,422.05)	116,046.97
Operating transfers in (out)	<u>-----</u>	<u>(111,246.00)</u>
Change in net assets	(3,422.05)	4,800.97
Net assets at beginning of year	150,689.55	15,120.12
Prior period error corrections	<u>(5,903.64)</u>	<u>-----</u>
Net assets adjusted at beginning of year	<u>144,785.91</u>	<u>15,120.12</u>
Net assets at end of year	<u>\$ 141,363.86</u>	<u>\$ 19,921.09</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)**

For Year Ended June 30, 2007

	Emergency Shelter Program	Emergency Food and Shelter Management Program
Operating Revenues:		
Rental revenue	\$ 7,705.00	\$ -----
Operating subsidies- other grants	11,713.00	18,679.54
Other revenues	<u>95,313.60</u>	<u>-----</u>
Total operating revenues	<u>114,731.60</u>	<u>18,679.54</u>
Operating Expenses:		
Personal services	98,750.55	-----
Utilities	4,273.47	2,110.54
Operations and maintenance	3,999.17	-----
Insurance	3,139.10	-----
Other supplies and expenses	851.10	16,569.00
Depreciation	<u>7,033.23</u>	<u>-----</u>
Total operating expenses	<u>118,046.62</u>	<u>18,679.54</u>
Operating income (loss)	<u>(3,315.02)</u>	<u>-----</u>
Non-operating revenues (expenses):		
Interest and investment earnings	<u>31.44</u>	<u>-----</u>
Net non-operating revenues (expenses)	<u>31.44</u>	<u>-----</u>
Change in net assets	(3,283.58)	-----
Net assets at beginning of year	<u>111,517.20</u>	<u>-----</u>
Net assets at end of year	<u>\$ 108,233.62</u>	<u>\$ -----</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)**

For Year Ended June 30, 2007

	Business Activities	Rural Rental Housing	Totals
Operating Revenues:			
Rental revenue	\$ ----	\$ 37,018.39	\$ 44,723.39
Operating subsidies- HUD grants	----	----	1,293,557.84
Operating subsidies- other grants	----	----	30,392.54
Other revenues	----	194.96	98,610.96
	<u>----</u>	<u>194.96</u>	<u>98,610.96</u>
Total operating revenues	<u>----</u>	<u>37,213.35</u>	<u>1,467,284.73</u>
Operating Expenses:			
Personal services	----	33,919.84	213,267.16
Utilities	----	7,619.23	14,003.24
Operations and maintenance	----	13,543.87	17,620.36
Insurance	----	8,405.89	12,467.24
Other supplies and expenses	----	11,821.10	58,611.53
Housing assistance payments	----	----	1,072,739.84
Depreciation	----	20,805.14	28,544.43
	<u>----</u>	<u>20,805.14</u>	<u>28,544.43</u>
Total operating expenses	<u>----</u>	<u>96,115.07</u>	<u>1,417,253.80</u>
Operating income (loss)	<u>----</u>	<u>(58,901.72)</u>	<u>50,030.93</u>
Non-operating revenues (expenses):			
Interest and investment earnings	8.00	248.84	665.53
Interest expense	----	(50,130.85)	(50,130.85)
	<u>8.00</u>	<u>(49,882.01)</u>	<u>(49,465.32)</u>
Net non-operating revenues (expenses)	<u>8.00</u>	<u>(49,882.01)</u>	<u>(49,465.32)</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	8.00	(108,783.73)	565.61
Operating transfers in (out)	<u>----</u>	<u>111,246.00</u>	<u>----</u>
Change in net assets	8.00	2,462.27	565.61
Net assets at beginning of year	3,236.00	(57,010.30)	223,552.57
Prior period error corrections	<u>----</u>	<u>----</u>	<u>(5,903.64)</u>
Net assets adjusted at beginning of year	<u>3,236.00</u>	<u>(57,010.30)</u>	<u>217,648.93</u>
Net assets at end of year	<u>\$ 3,244.00</u>	<u>\$ (54,548.03)</u>	<u>\$ 218,214.54</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended June 30, 2007

	<u>Housing Choice Vouchers</u>	<u>New Construction Program</u>
Cash flows from operating activities:		
Cash received from HUD grants- operating	\$ 604,246.00	\$ 642,540.36
Cash payments for goods and services	(576,331.46)	(530,234.97)
Cash payments to employees-salaries	(59,427.39)	(15,515.10)
Cash payments for employee benefit contributions	(4,965.39)	(1,319.03)
Net cash provided (used) by operating activities	<u>(36,478.24)</u>	<u>95,471.26</u>
Cash flows from noncapital financing activities:		
Operating transfers in (out)	-----	(111,246.00)
Receipts (payments) from interprograms	<u>3,208.73</u>	<u>9,201.02</u>
Net cash provided (used) from non capital financing activities	<u>3,208.73</u>	<u>(102,044.98)</u>
Cash flows from investing activities:		
Interest and dividends	<u>331.22</u>	<u>46.03</u>
Net cash provided (used) from investing activities	<u>331.22</u>	<u>46.03</u>
Net increase (decrease) in cash and cash equivalents	(32,938.29)	(6,527.69)
Cash and cash equivalents at beginning of year	<u>52,496.99</u>	<u>22,571.74</u>
Cash and cash equivalents at end of year	<u>\$ 19,558.70</u>	<u>\$ 16,044.05</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2007

	<u>Housing Choice Vouchers</u>	<u>New Construction Program</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,753.27)	\$ 116,000.94
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	408.65	297.41
Allowance for doubtful accounts	775.60	-----
Changes in assets and liabilities:		
Receivables	(3,878.00)	(15,187.84)
Prepaid expenses	1,543.35	294.85
Accounts and other payables	(31,393.36)	(5,485.17)
Compensated absences	(172.93)	(439.49)
Accrued expenses	<u>(8.28)</u>	<u>(9.44)</u>
Net cash provided (used) by operating activities	<u>\$ (36,478.24)</u>	<u>\$ 95,471.26</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2007

	Emergency Shelter Program	Emergency Food and Shelter Management Program
Cash flows from operating activities:		
Cash received from tenants	\$ 7,705.00	\$ ----
Cash received from HUD grants- operating	----	347.46
Cash received from other grants	15,837.06	18,679.54
Cash received from other operating activities	95,313.60	----
Cash payments for goods and services	(12,185.74)	(18,679.54)
Cash payments to employees-salaries	(91,577.56)	----
Cash payments for employee benefit contributions	(9,210.35)	----
	<u>5,882.01</u>	<u>347.46</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Receipts (payments) from interprograms	<u>(3,356.02)</u>	<u>(347.46)</u>
Net cash provided (used) from non capital financing activities	<u>(3,356.02)</u>	<u>(347.46)</u>
Cash flows from capital and related financing activities:		
Payments for capital assets	<u>(5,096.30)</u>	<u>----</u>
Net cash (used) for capital and related financing activities	<u>(5,096.30)</u>	<u>----</u>
Cash flows from investing activities:		
Interest and dividends	<u>31.44</u>	<u>----</u>
Net cash provided (used) from investing activities	<u>31.44</u>	<u>----</u>
Net increase (decrease) in cash and cash equivalents	(2,538.87)	----
Cash and cash equivalents at beginning of year	<u>4,564.87</u>	<u>----</u>
Cash and cash equivalents at end of year	\$ <u><u>2,026.00</u></u>	\$ <u><u>----</u></u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2007

	Emergency Shelter Program	Emergency Food and Shelter Management Program
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,315.02)	\$ ----
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	7,033.23	----
Changes in assets and liabilities:		
Receivables	4,124.06	----
Prepaid expenses	77.10	----
Deferred revenues	----	347.46
Compensated absences	(1,625.58)	----
Accrued expenses	(411.78)	----
	<u>5,882.01</u>	<u>347.46</u>
Net cash provided (used) by operating activities	\$ <u>5,882.01</u>	\$ <u>347.46</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2007

	Business Activities	Rural Rental Housing	Totals
Cash flows from operating activities:			
Cash received from tenants	\$ ----	\$ 36,279.29	\$ 43,984.29
Cash received from HUD grants- operating	----	----	1,247,133.82
Cash received from other grants	----	----	34,516.60
Cash received from other operating activities	----	194.96	95,508.56
Cash payments for goods and services	----	(42,534.92)	(1,179,966.63)
Cash payments to employees-salaries	----	(31,320.23)	(197,840.28)
Cash payments for employee benefit contributions	----	(2,671.59)	(18,166.36)
Net cash provided (used) by operating activities	----	(40,052.49)	25,170.00
Cash flows from noncapital financing activities:			
Operating transfers in (out)	----	111,246.00	----
Receipts (payments) from interprograms	----	(8,706.27)	----
Net cash provided (used) from non capital financing activities	----	102,539.73	----
Cash flows from capital and related financing activities:			
Payments for capital assets	----	(1,470.69)	(6,566.99)
Principal paid on capital debt	----	(2,862.58)	(2,862.58)
Interest paid on capital debt	----	(50,148.74)	(50,148.74)
Net cash (used) for capital and related financing activities	----	(54,482.01)	(59,578.31)
Cash flows from investing activities:			
Interest and dividends	8.00	248.84	665.53
Receipts (payments) from tenant security deposits	----	432.00	432.00
Net cash provided (used) from investing activities	8.00	680.84	1,097.53
Net increase (decrease) in cash and cash equivalents	8.00	8,686.07	(33,310.78)
Cash and cash equivalents at beginning of year	3,236.00	38,284.65	121,154.25
Cash and cash equivalents at end of year	\$ 3,244.00	\$ 46,970.72	\$ 87,843.47

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended June 30, 2007

	<u>Business Activities</u>	<u>Rural Rental Housing</u>	<u>Totals</u>
Cash and cash equivalents	\$ 3,244.00	\$ 17,539.23	\$ 58,411.98
Restricted cash and cash equivalents	<u>-----</u>	<u>29,431.49</u>	<u>29,431.49</u>
 Total cash and cash equivalents at end of year	 <u>\$ 3,244.00</u>	 <u>\$ 46,970.72</u>	 <u>\$ 87,843.47</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -----	\$ (58,901.72)	\$ 50,030.93
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-----	20,805.14	28,544.43
Allowance for doubtful accounts	-----	45.70	821.30
Changes in assets and liabilities:			
Receivables	-----	(456.99)	(15,398.77)
Prepaid expenses	-----	(944.85)	970.45
Accounts and other payables	-----	(199.98)	(37,078.51)
Deferred revenues	-----	(327.81)	19.65
Compensated absences	-----	(88.53)	(2,326.53)
Accrued expenses	<u>-----</u>	<u>16.55</u>	<u>(412.95)</u>
 Net cash provided (used) by operating activities	 <u>\$ -----</u>	 <u>\$ (40,052.49)</u>	 <u>\$ 25,170.00</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	Low Income Public Housing		
	<u>Major - Direct Program</u>		
2007	New Construction Program	14.182	\$ <u>658,118.49</u>
	Public and Indian Housing		
	<u>Nonmajor - Indirect Program</u>		
	<u>(Passed through State of Indiana Family and Social Services Administration)</u>		
2007	Emergency Shelter Program	14.231	\$ <u>11,713.00</u>
	Low Income Public Housing		
	<u>Major - Direct Program</u>		
2007	Housing Choice Vouchers	14.871	\$ <u>630,387.00</u>
	<u>Department of Homeland Security</u>		
	<u>Nonmajor - Direct Program</u>		
2007	Emergency Food and Shelter Management Program	97.024	\$ <u>18,679.54</u>
	Total		\$ <u>1,318,898.03</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1 - Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE

Year Ended June 30, 2007

FDS Line Item No.	Housing Choice Vouchers 14.871	New Construction Program 14.182
	<u>14.871</u>	<u>14.182</u>
Assets:		
Current Assets:		
Cash		
111 Cash-unrestricted	\$ 19,558.70	\$ 16,044.05
100 Total cash	<u>19,558.70</u>	<u>16,044.05</u>
Accounts and notes receivable:		
122 Accounts receivable-HUD	----	15,187.84
128 Fraud recovery	3,878.00	----
128.1 Allowance for doubtful accounts-fraud	<u>(775.60)</u>	<u>----</u>
120 Total receivables, net of allowance for doubtful accounts	<u>3,102.40</u>	<u>15,187.84</u>
142 Prepaid expenses and other assets	4,067.35	239.80
144/ (347) Interprogram due from	<u>120,318.95</u>	<u>(10,802.00)</u>
150 Total current assets	<u>147,047.40</u>	<u>20,669.69</u>
Noncurrent Assets:		
Fixed assets:		
164 Furniture, equipment and machinery-administration	13,399.27	5,372.91
166 Accumulated depreciation	<u>(11,764.65)</u>	<u>(4,183.27)</u>
160 Total fixed assets, net of accumulated depreciation	<u>1,634.62</u>	<u>1,189.64</u>
180 Total noncurrent assets	<u>1,634.62</u>	<u>1,189.64</u>
190 Total Assets	<u>\$ 148,682.02</u>	<u>\$ 21,859.33</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Housing Choice Vouchers <u>14,871</u>	New Construction Program <u>14,182</u>
Liabilities and Equity:		
Liabilities:		
Current Liabilities:		
312	\$ (27.64)	\$ (9.71)
321	(896.49)	(230.10)
322	<u>(1,598.51)</u>	<u>(424.61)</u>
310	<u>(2,522.64)</u>	<u>(664.42)</u>
Noncurrent Liabilities:		
354	<u>(4,795.52)</u>	<u>(1,273.82)</u>
350	<u>(4,795.52)</u>	<u>(1,273.82)</u>
300	<u>(7,318.16)</u>	<u>(1,938.24)</u>
Equity:		
508.1	<u>(1,634.62)</u>	<u>(1,189.64)</u>
512.1	<u>(139,729.24)</u>	<u>(18,731.45)</u>
600	<u><u>\$ (148,682.02)</u></u>	<u><u>\$ (21,859.33)</u></u>
Revenue:		
706	\$ (630,387.00)	\$ (663,170.84)
711	(331.22)	(46.03)
714	<u>(3,878.00)</u>	<u>-----</u>
700	<u>(634,596.22)</u>	<u>(663,216.87)</u>
Expenses:		
Administrative		
911	59,419.11	15,505.66
912	2,337.28	620.84
914	(172.93)	(439.49)
915	4,965.39	1,319.03
916	21,292.89	5,119.32

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Housing Choice Vouchers <u>14,871</u>	New Construction Program <u>14,182</u>
Ordinary maintenance and operation		
943 Ordinary maintenance and operation-contract costs	61.09	16.23
General expenses		
961 Insurance premiums	728.71	193.54
966 Bad debts- other	<u>775.60</u>	<u>-----</u>
969 Total operating expenses	<u>89,407.14</u>	<u>22,335.13</u>
970 Excess (deficit) operating revenue over operating expenses	<u>545,189.08</u>	<u>640,881.74</u>
973 Housing assistance payments	548,202.48	524,537.36
974 Depreciation expense	<u>408.65</u>	<u>297.41</u>
Total expenses other than total operating	<u>548,611.13</u>	<u>524,834.77</u>
Excess (deficit) of revenue over expenses before		
1000 operating transfers in (out) and depreciation add back	(3,422.05)	116,046.97
1002 Operating transfers out	<u>-----</u>	<u>(111,246.00)</u>
Excess (deficit) of revenue over expenses after		
operating transfers in (out) and depreciation add back	<u>\$ (3,422.05)</u>	<u>\$ 4,800.97</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.		Emergency Shelter Program <u>14.231</u>	Emergency Food and Shelter Management Program <u>97.024</u>
	Assets:		
	Current Assets:		
	Cash		
111	Cash-unrestricted	\$ 2,026.00	\$ ----
100	Total cash	<u>2,026.00</u>	<u>----</u>
142	Prepaid expenses and other assets	1,275.85	----
144/ (347)	Interprogram due from	<u>(113,240.70)</u>	<u>398.94</u>
150	Total current assets	<u>(109,938.85)</u>	<u>398.94</u>
	Noncurrent Assets:		
	Fixed assets:		
161	Land	40,000.00	----
162	Buildings	254,122.32	----
163	Furniture, equipment and machinery-dwellings	19,079.71	----
164	Furniture, equipment and machinery-administration	11,602.05	----
166	Accumulated depreciation	<u>(101,733.32)</u>	<u>----</u>
160	Total fixed assets, net of accumulated depreciation	<u>223,070.76</u>	<u>----</u>
180	Total noncurrent assets	<u>223,070.76</u>	<u>----</u>
190	Total Assets	<u>\$ 113,131.91</u>	<u>\$ 398.94</u>
	Liabilities and Equity:		
	Liabilities:		
	Current Liabilities:		
321	Accrued wage / payroll taxes payable	\$ (1,272.50)	\$ ----
322	Accrued compensated absences- current portion	(906.45)	----
342	Deferred revenues	<u>----</u>	<u>(398.94)</u>
310	Total current liabilities	<u>(2,178.95)</u>	<u>(398.94)</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Emergency Shelter Program 14,231	Emergency Food and Shelter Management Program 97,024
Noncurrent Liabilities:		
354	(2,719.34)	----
350	(2,719.34)	----
300	(4,898.29)	(398.94)
Equity:		
508.1	(223,070.76)	----
512.1	114,837.14	----
600	\$ (113,131.91)	\$ (398.94)
Revenue:		
703	\$ (7,705.00)	\$ ----
705	(7,705.00)	----
708	(11,713.00)	(18,679.54)
711	(31.44)	----
715	(95,313.60)	----
700	(114,763.04)	(18,679.54)
Expenses:		
Administrative		
911	89,807.34	----
914	(1,625.58)	----
915	9,073.11	----
916	851.10	----

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.		Emergency Shelter Program <u>14,231</u>	Emergency Food and Shelter Management Program <u>97,024</u>
	Utilities		
931	Water	1,580.25	----
932	Electricity	----	2,110.54
933	Gas	2,693.22	----
	Ordinary maintenance and operation		
941	Ordinary maintenance and operation-labor	1,358.44	----
942	Ordinary maintenance and operation-materials & other	3,744.38	----
943	Ordinary maintenance and operation-contract costs	254.79	----
945	Employee benefit contributions-ordinary maintenance	137.24	----
	General expenses		
961	Insurance premiums	3,139.10	----
962	Other general expense	----	<u>16,569.00</u>
969	Total operating expenses	<u>111,013.39</u>	<u>18,679.54</u>
970	Excess (deficit) operating revenue over operating expenses	<u>3,749.65</u>	----
974	Depreciation expense	<u>7,033.23</u>	----
	Total expenses other than total operating	<u>7,033.23</u>	----
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	<u>(3,283.58)</u>	----
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	<u>\$ (3,283.58)</u>	<u>\$ -----</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Business Activities -	Rural Rental Housing 10.415	Total	
Assets:				
Current Assets:				
Cash				
111	Cash-unrestricted	\$ 3,244.00	\$ 13,195.23	\$ 54,067.98
113	Cash-other restricted	----	29,431.49	29,431.49
114	Cash-tenant security deposits	----	4,344.00	4,344.00
100	Total cash	<u>3,244.00</u>	<u>46,970.72</u>	<u>87,843.47</u>
Accounts and notes receivable:				
122	Accounts receivable-HUD	----	----	15,187.84
126	Accounts receivable- tenants-dwelling rents	----	3,521.24	3,521.24
126.1	Allowance for doubtful accounts-dwelling rents	----	(352.12)	(352.12)
128	Fraud recovery	----	----	3,878.00
128.1	Allowance for doubtful accounts-fraud	----	----	(775.60)
120	Total receivables, net of allowance for doubtful accounts	<u>----</u>	<u>3,169.12</u>	<u>21,459.36</u>
142	Prepaid expenses and other assets	----	7,720.40	13,303.40
144/ (347)	Interprogram due from	----	3,324.81	----
150	Total current assets	<u>3,244.00</u>	<u>61,185.05</u>	<u>122,606.23</u>
Noncurrent Assets:				
Fixed assets:				
161	Land	----	33,120.00	73,120.00
162	Buildings	----	722,312.01	976,434.33
163	Furniture, equipment and machinery-dwellings	----	----	19,079.71
164	Furniture, equipment and machinery-administration	----	13,182.05	43,556.28
166	Accumulated depreciation	----	(205,231.69)	(322,912.93)
160	Total fixed assets, net of accumulated depreciation	<u>----</u>	<u>563,382.37</u>	<u>789,277.39</u>

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Business Activities	Rural Rental Housing	Total
	-	10,415	
180	Total noncurrent assets	563,382.37	789,277.39
190	Total Assets	\$ 3,244.00	\$ 624,567.42
		\$ 911,883.62	\$ 911,883.62
	Liabilities and Equity:		
	Liabilities:		
	Current Liabilities:		
312	Accounts payable < 90 days	\$ (229.02)	\$ (266.37)
321	Accrued wage / payroll taxes payable	(579.98)	(2,979.07)
322	Accrued compensated absences- current portion	(488.34)	(3,417.91)
325	Accrued interest payable	(4,169.26)	(4,169.26)
341	Tenant security deposits	(4,344.00)	(4,344.00)
342	Deferred revenues	(757.64)	(1,156.58)
343	Current portion of L - T debt capital projects	(3,085.00)	(3,085.00)
310	Total current liabilities	(13,653.24)	(19,418.19)
	Noncurrent Liabilities:		
351	Long-term debt, net of current-capital projects	(663,997.19)	(663,997.19)
354	Accrued compensated absences- non current portion	(1,465.02)	(10,253.70)
350	Total noncurrent liabilities	(665,462.21)	(674,250.89)
300	Total liabilities	(679,115.45)	(693,669.08)
	Equity:		
508.1	Investment in capital assets , Net of Related Debt	103,699.82	(122,195.20)
512.1	Unrestricted Net Assets	(3,244.00)	(49,151.79)
600	Total Liabilities and Equity	\$ (3,244.00)	\$ (624,567.42)
		\$ (911,883.62)	\$ (911,883.62)

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.		Business Activities	Rural Rental Housing 10.415	Total
	Revenue:			
703	Net rental revenue	\$ ----	\$ (31,767.19)	\$ (39,472.19)
704	Tenant revenue-other	----	(6,969.17)	(6,969.17)
705	Total tenant revenue	----	(38,736.36)	(46,441.36)
706	HUD PHA operating grants	----	----	(1,293,557.84)
708	Other government grants	----	----	(30,392.54)
711	Investment income-unrestricted	(8.00)	(104.50)	(521.19)
714	Fraud recovery	----	----	(3,878.00)
715	Other revenue	----	(194.96)	(95,508.56)
720	Investment income-restricted	----	(144.34)	(144.34)
700	Total revenue	(8.00)	(39,180.16)	(1,470,443.83)
	Expenses:			
	Administrative			
911	Administrative salaries	----	17,349.33	182,081.44
912	Auditing fees	----	1,441.88	4,400.00
914	Compensated absences	----	(88.53)	(2,326.53)
915	Employee benefit contributions-administrative	----	1,479.10	16,836.63
916	Other operating-administrative	----	10,379.22	37,642.53
	Utilities			
931	Water	----	2,190.92	3,771.17
932	Electricity	----	1,501.42	3,611.96
933	Gas	----	----	2,693.22
938	Other utilities expense	----	3,926.89	3,926.89
	Ordinary maintenance and operation			
941	Ordinary maintenance and operation-labor	----	13,987.45	15,345.89
942	Ordinary maintenance and operation-materials & other	----	7,370.25	11,114.63
943	Ordinary maintenance and operation-contract costs	----	6,173.62	6,505.73
945	Employee benefit contributions-ordinary maintenance	----	1,192.49	1,329.73

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended June 30, 2007

FDS Line Item No.	Business Activities	Rural Rental Housing 10.415	Total
	-		
	General expenses		
961	----	8,405.89	12,467.24
962	----	----	16,569.00
964	----	1,717.97	1,717.97
966	----	----	775.60
967	----	50,130.85	50,130.85
969	----	127,158.75	368,593.95
970	8.00	(87,978.59)	1,101,849.88
973	----	----	1,072,739.84
974	----	20,805.14	28,544.43
	----	20,805.14	1,101,284.27
1000	8.00	(108,783.73)	565.61
1001	----	111,246.00	111,246.00
1002	----	----	(111,246.00)
	----	----	----
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back		
	\$ 8.00	\$ 2,462.27	\$ 565.61

**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***

Board of Commissioners
Greencastle Housing Authority
Greencastle, Indiana

We have audited the basic financial statements of the Greencastle Housing Authority, Indiana, (Authority) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

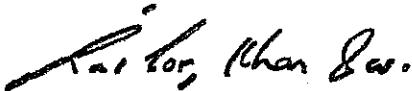
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs.

The Authority's written response to the significant deficiency identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and uses of management, the Board of Commissioners, others within the Authority, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC
November 8, 2007

Khan & Co. LLC**Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners
Greencastle Housing Authority
Greencastle, Indiana

Compliance

We have audited the compliance of the Greencastle Housing Authority, Indiana, (Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

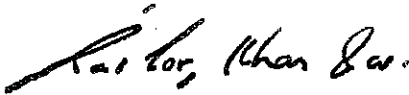
The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in an Authority's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the Authority's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses as defined above.

This report is intended for the information and use of the Greencastle Housing Authority, Indiana's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC

November 8, 2007

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS

June 30, 2007

The prior audit report for the year ended June 30, 2006 contained no audit findings.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	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) on Circular A-133?	No

Identification of major programs:

CFDA	
Number(s)	Name of Federal Program
14-182	Section 8 New Construction
14-871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS

The current audit report for the year ended June 30, 2007 disclosed the following Financial Statement audit findings:

I. Internal Control Policy

Criteria:

To ensure effectiveness of Internal Control, there needs to be an adequate design of internal controls describing the separation of primary functions. Internal control design must be considered to create effective segregation of primary duties and to strengthen the control environment.

Condition:

The Authority does not have an internal control policy.

Questioned Costs:

none

Effect:

With the adequate design of segregation of duties, there is the reduced risk of error and other intentional activities that could affect the integrity of the financial statements or physical custody of assets.

Cause:

The documentation of implemented internal control policies was lacking.

Recommendation:

We recommend the Authority's management and its Board design a system of internal control that would address all of the features of an effective internal control system with due consideration to the limitations imposed on the system.

Management's Response/Action Plan:

We believed we utilize reasonable internal controls, however, we do not have a written policy that outlines the steps that we are taking. To remedy this, the Housing Authority is in the process of preparing a written internal control policy that will address all the features of an effective internal control system. This policy will be implemented by the end of the current fiscal year and the Executive Director, Max Johnson will be responsible for its implementation.

GREENCASTLE HOUSING AUTHORITY

Greencastle, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2007

SECTION III - FEDERAL AWARD FINDINGS

The current audit report for the year ended June 30, 2007 disclosed no Federal Awards audit findings.