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May 12, 2015

Board of Directors  
New Castle Housing Authority  
274 S. 14<sup>th</sup> Street  
New Castle, IN 47362

We have reviewed the audit report prepared by Sailor, Khan & Co., LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. 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 New Castle Housing Authority, as of June 30, 2014 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

NEW CASTLE HOUSING AUTHORITY  
NEW CASTLE, INDIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

NEW CASTLE HOUSING AUTHORITY  
New Castle, Indiana

TABLE OF CONTENTS

JUNE 30, 2014

	<u>Page</u>
<b>Section I - Auditor's Report and Management's Discussion and Analysis</b>	
Independent Auditor's Report	i-ii
Management's Discussion and Analysis (unaudited)	iii-vi
<b>Section II - Financial Statements and Notes to Financial Statements</b>	
Basic Financial Statements:	
Statement of Net Position	1-2
Statement of Revenue, Expenses and Changes in Net Position	3
Statement of Cash Flows	4-5
Notes to Basic Financial Statements	6-18
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Federal Awards	19
PHA's Statement and Certification of Capital Fund Program Costs	20
Financial Data Schedule - HUD Prescribed Format	Exhibit A
<b>Section III - Reports on Compliance and on Internal Control</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance Required by OMB Circular A-133	3-4
Significant Deficiencies Communicated in Prior Years	5
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor Results	6
Section II - Financial Statement Findings	7
Section III - Federal Awards Findings	7

SECTION I  
AUDITOR'S REPORT  
AND  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
New Castle Housing Authority  
New Castle, Indiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the New Castle Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the New Castle Housing Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the New Castle Housing 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 New Castle Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Castle Housing Authority, as of June 30, 2014 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

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

**Other Information**

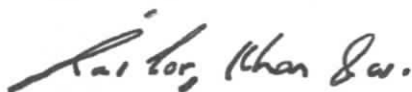
*Report on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Castle Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the remaining accompanying supplementary information including the Financial Data Schedule - HUD Prescribed Format are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above described supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the New Castle Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Castle Housing Authority's internal control over financial reporting and compliance.



Sailor, Khan & Co. LLC  
December 4, 2014

## New Castle Housing Authority

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### Management's Discussion and Analysis (MD&A)

June 30, 2014

(Unaudited)

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The management of the New Castle Housing Authority (PHA) offers this narrative overview and analysis of its audited financial statements for the fiscal year ended June 30, 2014. The goal is for the reader to better understand the Authority's financial activities and its overall financial position and to show whether current year revenues covered current year expenses and the extent to which the Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

#### **FINANCIAL HIGHLIGHTS:**

- The assets of the PHA exceed its liabilities as of June 30, 2014 by \$4,008,581 (Net Position).
- The PHA's net investment in Capital Assets, net of related debt as of June 30, 2014 was \$3,672,190.
- The PHA's total revenue and contributions for the fiscal year end June 30, 2014 was \$2,157,882.
- The PHA's total expenses for the fiscal year end June 30, 2014 was \$2,372,661. Therefore, the PHA's expenses exceed its revenues and contributions by \$214,779.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS:**

The following financial statements are included in this report:

- *Statement of Net Position* - reports the Authority's current financial resources: its cash and other current assets, current and non-current liabilities and comparing those two elements, the resulting net position of the PHA. A comparison between this year and the preceding year is also provided.
- *Statement of Revenue and Expenses and Change in Net Position* - reports the PHA's various revenue and expenses and provides a comparison between this year and the preceding year.
- *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 Authorities 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, 2014 and is required to be included in the audit reporting package.

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

**ANALYSIS OF FINANCIAL STATEMENTS:**

*Statements of Net Position  
June 30,*

	2014	2013	Dollar Change	Percent Change
Current and other assets	\$ 430,320	\$ 482,570	\$ (52,250)	-10.8%
Capital assets	3,737,883	3,916,631	(178,748)	-4.6%
Total Assets	<u>4,168,203</u>	<u>4,399,201</u>	<u>(230,998)</u>	-5.3%
Current liabilities	108,957	100,091	8,866	8.9%
Noncurrent liabilities	50,665	75,750	(25,085)	-33.1%
Total Liabilities	<u>159,622</u>	<u>175,841</u>	<u>(16,219)</u>	-9.2%
Net Assets				
Net investment in capital assets	3,672,190	3,834,616	(162,426)	-4.2%
Restricted for HAP	83,259	91,444	(8,185)	-9.0%
Unrestricted	253,132	297,300	(44,168)	-14.9%
Total Net Position	<u>\$ 4,008,581</u>	<u>\$ 4,223,360</u>	<u>\$ (214,779)</u>	-5.1%

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the previous page, assets exceeded liabilities by \$4,008,581 at the close of the year ended June 30, 2014 down from \$4,223,360 in 2013.

The decrease in current and other assets is due to a decrease in accounts receivable, inventory, cash and cash equivalents and restricted cash and cash equivalents. The decrease was partially offset by increases in investments and prepaid expenses. The decrease in restricted assets is due to a decrease in HAP revenue received for the year. The decrease in capital assets is due to a decrease in assets and depreciation.

The current liabilities increased due to increases in compensated absences, and the current portion of the long term debt but saw a decrease in accounts payable for services and materials. The decrease in noncurrent liabilities is due to payment on the loan and the decrease in compensated absences.

The unrestricted net assets were \$253,132 as of June 30, 2014. This amount may be used to meet the Authority's ongoing obligations. The Authority had \$83,259 of 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.



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

**ANALYSIS OF FINANCIAL STATEMENTS (CONTINUED):**

*Statements of Revenues, Expenses  
and Changes in Net Position  
June 30,*

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 352,723	\$ 350,557	\$ 2,166	0.6%
HUD operating grants	1,682,408	1,659,755	22,653	1.4%
Interest income	1,172	1,329	(157)	-11.8%
Capital Contributions	108,658	155,220	(46,562)	-30.0%
Gain (loss) on disposition of capital items	(3,697)	(4,751)	1,054	22.2%
Other income	16,618	15,977	641	4.0%
Total Revenues and Contributions	<u>2,157,882</u>	<u>2,178,087</u>	<u>(20,205)</u>	-0.9%
<b>Expenses</b>				
Personal services	428,336	421,041	7,295	1.7%
Utilities	161,213	149,352	11,861	7.9%
Operations and maintenance	102,371	106,614	(4,243)	-4.0%
Non routine maintenance	2,369	---	2,369	100.0%
Insurance	58,568	55,619	2,949	5.3%
Payment in lieu of taxes	2,515	4,550	(2,035)	-44.7%
Other supplies and expenses	70,335	77,990	(7,655)	-9.8%
Housing assistance payments	1,239,626	1,286,506	(46,880)	-3.6%
Interest expense	3,746	4,549	(803)	-17.7%
Depreciation	303,582	317,111	(13,529)	-4.3%
Total Expenses	<u>2,372,661</u>	<u>2,423,332</u>	<u>(50,671)</u>	-2.1%
Change in net position	(214,779)	(245,245)	30,466	
Beginning net position	<u>4,223,360</u>	<u>4,468,605</u>	<u>(245,245)</u>	
Ending net position	<u>\$ 4,008,581</u>	<u>\$ 4,223,360</u>	<u>\$ (214,779)</u>	

Total revenues and contributions decreased by \$20,205 due to decreases in capital contributions and interest income. The decrease was partially offset by increases in the sale of fixed assets, rental revenue, HUD operating grants, and other income.

Total expenses decreased by \$50,671 due to decreases in operations and maintenance, payment in lieu of taxes, other supplies and expenses, housing assistance payments, interest expense and depreciation which were partially offset by increases in personal services, utilities, non routine maintenance, and insurance. The increase in utilities is due to higher rates. The decrease in other supplies and expenses was due to decreases in telephone, and other admin/sundry expenses. The increase in personal services is in salaries and benefits with an increase in compensated absences. The decrease in maintenance and operations is due to decreases in heating/cooling, elevator, materials, electrical, exterminating, garbage removal, and routine contracts with increases in plumbing, garbage/trash, and other contracts. Some of the insurance categories increased. The decrease in housing assistance payments is due to higher payments passed through to landlords for rent.

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

**BUDGETARY HIGHLIGHTS:**

**Low Rent Public Housing (Operations Only)**

The Board approved budget anticipated an operating loss of \$6,545. Actual result of operation was an operation loss before depreciation of \$4,772, for a variance of \$1,773.

**CAPITAL ASSETS & LONG TERM DEBT ACTIVITY DURING THE YEAR:**

*Capital Assets* - The New Castle Housing Authority's capital assets, as of June 30, 2014 amounts to \$3,737,883 (net of accumulated depreciation). The capital assets include land, buildings, improvements, equipment, and construction in progress.

*Capital Assets  
Net of Accumulated Depreciation  
June 30,*

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>
Land	\$ 917,432	\$ 917,432	\$ ----
Building	7,582,843	5,285,575	2,297,268
Furniture, equipment and machinery- dwelling	91,277	93,073	(1,796)
Furniture, equipment and machinery- administration	252,436	244,787	7,649
Leasehold improvements	----	2,169,889	(2,169,889)
Construction in progress	99,890	116,631	(16,741)
	<u>8,943,878</u>	<u>8,827,387</u>	116,491
Accumulated depreciation	<u>5,205,995</u>	<u>4,910,756</u>	295,239
Total	<u>\$ 3,737,883</u>	<u>\$ 3,916,631</u>	<u>\$ (178,748)</u>

The total decrease in the Authority's capital assets for the current fiscal year was \$178,748. Actual expenditures to purchase equipment and construct capital assets were \$128,787 for the year. The Authority has \$155,951 available in Capital Funds to draw down and spend in the future.

*Debt Administration* - The New Castle Housing Authority has debt in the amount of \$65,693 as of June 30, 2014. Additional information regarding the Housing Authority's debt can be found in note 3h of the notes to financial statements.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the PHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Mr. Jerry Cash, 274 South 14th Street, New Castle, Indiana 47362.

SECTION II  
FINANCIAL STATEMENTS  
AND  
NOTES TO FINANCIAL STATEMENTS

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET POSITION

June 30, 2014

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	138,936.20
Investments		156,692.97
Receivable - net of allowances:		
Accounts		9,241.85
Accrued interest		231.49
Inventory - net of allowances		12,335.60
Prepaid expenses		29,622.58
Restricted cash and cash equivalents		<u>83,258.73</u>
 Total Current Assets		 <u>430,319.42</u>

Capital assets:

Land, improvements, and construction in progress		1,017,322.55
Other capital assets, net of depreciation		<u>2,720,560.84</u>
 Total capital assets- net		 <u>3,737,883.39</u>
 Total Assets		 <u>4,168,202.81</u>

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2014

**LIABILITIES**

Current Liabilities:

Accounts Payable	18,971.93
Accrued salaries, wages and benefits	1,655.48
Accrued compensated absences	19,201.72
Tenant security deposit liability	50,987.21
Interest payable	54.42
Current portion of long term debt	17,162.10
Unearned revenues	<u>924.38</u>

Total Current Liabilities 108,957.24

Noncurrent Liabilities:

Long term debt	48,531.02
Accrued compensated absences	<u>2,133.52</u>

Total Noncurrent Liabilities 50,664.54

Total Liabilities 159,621.78

**NET POSITION**

Net investment in capital assets	3,672,190.27
Restricted for:	
HAP	83,258.73
Unrestricted	<u>253,132.03</u>

Total Net Position \$ 4,008,581.03

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For Year Ended June 30, 2014

**Operating Revenues:**

Rental revenue	\$ 352,722.84
Operating subsidies- HUD grants	1,682,408.14
Other revenues	<u>16,617.61</u>
Total operating revenues	<u>2,051,748.59</u>

**Operating Expenses:**

Personal services	428,336.42
Utilities	161,213.07
Operations and maintenance	102,370.91
Non routine maintenance	2,369.24
Insurance	58,567.67
Payment in lieu of taxes	2,514.94
Other supplies and expenses	70,335.41
Housing assistance payments	1,239,626.00
Depreciation	<u>303,581.76</u>

Total operating expenses 2,368,915.42

Operating income (loss) (317,166.83)

**Non-operating revenues (expenses):**

Interest and investment earnings	1,171.87
Interest expense	(3,745.59)
Gain (Loss) on sale of fixed assets	<u>(3,696.50)</u>

Net non-operating revenues (expenses) (6,270.22)

Income (loss) before other revenues, expenses,  
gains, losses and transfers (323,437.05)

Capital contributions 108,658.02

Change in net position (214,779.03)

Net position at beginning of year 4,223,360.06

Net position at end of year \$ 4,008,581.03

See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS

For Year Ended June 30, 2014

**Cash flows from operating activities:**

Cash received from tenants	\$ 354,843.30
Cash received from HUD grants- operating	1,682,272.19
Cash received from other operating activities	16,057.19
Cash payments for goods and services	(1,640,309.27)
Cash payments to employees-salaries	(316,710.70)
Cash payments for employee benefit contributions	(110,299.99)
Cash (payments) receipts for in lieu of property taxes	<u>(4,550.04)</u>
Net cash provided (used) by operating activities	<u>(18,697.32)</u>

**Cash flows from capital and related financing activities:**

Capital contributions	107,941.68
Payments for capital assets	(128,787.10)
Principal paid on capital debt	(16,321.71)
Interest paid on capital debt	<u>(3,759.09)</u>
Net cash (used) for capital and related financing activities	<u>(40,926.22)</u>

**Cash flows from investing activities:**

Proceeds from sale of (payments) for investments	(1,040.41)
Interest and dividends	1,170.17
Receipts (payments) from tenant security deposits	<u>470.88</u>
Net cash provided (used) from investing activities	<u>600.64</u>

Net increase (decrease) in cash and cash equivalents	(59,022.90)
Cash and cash equivalents at beginning of year	<u>281,217.83</u>

Cash and cash equivalents at end of year	<u>\$ 222,194.93</u>
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Cash and cash equivalents	\$ 138,936.20
Restricted cash and cash equivalents	<u>83,258.73</u>

Total cash and cash equivalents at end of year	<u>\$ 222,194.93</u>
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See notes to financial statements

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended June 30, 2014

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

Operating income (loss)	\$ (317,166.83)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	303,581.76
Allowance for doubtful accounts	843.82
Changes in assets and liabilities:	
Receivables	809.84
Inventory	1,204.33
Prepaid expenses	(7,872.23)
Accounts and other payables	(1,330.12)
Unearned revenues	(93.62)
Compensated absences	1,445.90
Accrued expenses	<u>(120.17)</u>
Net cash provided (used) by operating activities	<u>\$ (18,697.32)</u>

See notes to financial statements



NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies**

The New Castle 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. 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. GASB Implementation**

The Housing Authority has implemented the Governmental Accounting Standards Board (GASB) Statements number 62, 63 and 65 for those audits with financial statements for periods beginning after December 15, 2011.

The Housing Authority has no deferred outflows of resources or deferred inflows of resources.

**1c. 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, net position, 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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1c. Basis of Presentation (Continued)**

Following is a description of the Authority's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
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.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

**1d. 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 position (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 position.

**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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1e. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Position, "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.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**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, if any, are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accounts receivable-miscellaneous, fraud recovery, accrued interest 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.

**Inventories**

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

**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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1e. Assets, Liabilities, and Equity (Continued)**

**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 \$500.00 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 Position, with accumulated depreciation reflected in the Statement of Net Position. 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	10	years
Furniture, equipment and machinery - administration	3 - 15	years
Leasehold improvements	5 - 15	years

**Restricted Assets**

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

**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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2014

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1e. Assets, Liabilities, and Equity (Continued)**

**Equity Classifications**

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

- a. Net investment in capital assets - 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. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**1f. 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 Position, all interfund transfers between individual programs, if any, have been eliminated.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**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:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development

**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>
Capital Fund Program	Modernization

For the year ended June 30, 2014, the Authority complied, in all material respects, with these revenue restrictions.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**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 and Investments**

**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, 2014, the Authority's bank balances of \$242,959.37, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Authority's name.

**Investments**

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2014, the Authority's investments were \$156,692.97. These investments were insured by federal depository insurance or registered, or securities held by the Authority or its agent in the Authority's name.

*Credit Risk Investments, Concentrations of Credit Risk and Interest Rate Risk - Investments:*

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority will minimize credit risk by reviewing the financial institutions with which the Authority will do business so that potential losses on individual securities will be minimized.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has chosen longer term investments due to current favorable rates. Longer terms will minimize the adverse effect of possible future declining rates.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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

**3b. Restricted Cash and Cash Equivalents**

The restricted cash and cash equivalents as of June 30, 2014, are as follows:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Total
Unspent HAP subsidy	\$ 83,258.73	\$ ----	\$ 83,258.73
	<u>\$ 83,258.73</u>	<u>\$ ----</u>	<u>\$ 83,258.73</u>

**3c. Accounts Receivable**

Receivables detail at June 30, 2014, is as follows:

Tenant accounts receivable	\$ 3,844.46	
Allowance for doubtful accounts	<u>(2,241.47)</u>	
Tenants accounts receivable - net		\$ 1,602.99
Fraud recovery	9,779.09	
Allowance for doubtful accounts	<u>(3,410.12)</u>	
Fraud recovery - net		6,368.97
Accounts receivable - HUD - capital fund		1,207.72
Accounts receivable - miscellaneous		<u>62.17</u>
		<u>\$ 9,241.85</u>



NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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

3d. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Transfers in (out)</u>	<u>Balance June 30, 2014</u>
Land	\$ 917,432.10	\$ ----	\$ ----	\$ ----	\$ 917,432.10
Building	5,285,574.61	129,061.01	(1,682.00)	2,169,889.38	7,582,843.00
Furniture, equipment and machinery- dwelling	93,072.59	----	(1,795.50)	----	91,277.09
Furniture, equipment and machinery- administration	244,787.25	16,209.80	(8,561.41)	----	252,435.64
Leasehold improvements	2,169,889.38	----	----	(2,169,889.38)	----
Construction in progress	<u>116,630.66</u>	<u>----</u>	<u>(16,740.21)</u>	<u>----</u>	<u>99,890.45</u>
	8,827,386.59	<u>\$ 145,270.81</u>	<u>\$ (28,779.12)</u>	<u>\$ ----</u>	8,943,878.28
Accumulated depreciation	<u>4,910,755.54</u>	<u>\$ 303,581.76</u>	<u>\$ (8,342.41)</u>	<u>\$ ----</u>	<u>5,205,994.89</u>
Total	<u>\$ 3,916,631.05</u>				<u>\$ 3,737,883.39</u>

3e. Accounts Payable

Payable detail at June 30, 2014, is as follows:

Accounts payable - vendors	\$ 5,808.64
Accounts payable - other government - PILOT	2,514.94
Accrued liabilities - other	<u>10,648.35</u>
	<u>\$ 18,971.93</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at June 30, 2014 is \$21,335.24.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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

3g. Non-current Liabilities

As of June 30, 2014, the non-current liabilities are comprised of the following:

Accrued compensated absences - non current portion	\$ <u>2,133.52</u>
Total	\$ <u><u>2,133.52</u></u>

The following is a summary of changes in non-current liabilities for the year ended June 30, 2014:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>10,055.95</u>	\$ ----	\$ <u>7,922.43</u>	\$ <u>2,133.52</u>	\$ <u>19,201.72</u>
Total	\$ <u><u>10,055.95</u></u>	\$ <u><u>----</u></u>	\$ <u><u>7,922.43</u></u>	\$ <u><u>2,133.52</u></u>	\$ <u><u>19,201.72</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, 2014:

Type of Debt	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due within One Year</u>
Notes Payable	\$ <u>65,694.37</u>	\$ ----	\$ <u>17,163.35</u>	\$ <u>48,531.02</u>	\$ <u>17,162.10</u>
Total	\$ <u><u>65,694.37</u></u>	\$ <u><u>----</u></u>	\$ <u><u>17,163.35</u></u>	\$ <u><u>48,531.02</u></u>	\$ <u><u>17,162.10</u></u>

Annual Debt Service Requirements

The annual debt service requirements to maturity for long-term debt as of June 30, 2014, are as follows:

<u>Project/Loan #</u>	<u>Date of Note</u>	<u>Term of Note</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Current Balance</u>
Low Rent #0009542751	1-24-06	12 years	\$ 180,534.00	4.970%	\$ <u><u>65,693.12</u></u>

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

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

**3h. Long-term Debt (Continued)**

**Annual Debt Service Requirements (Continued)**

<b>Year Ending June 30,</b>	<b>Principle Payable</b>	<b>Interest Payable</b>
2015	\$ 17,162.10	\$ 2,918.70
2016	18,042.05	2,038.75
2017	18,977.61	1,103.20
2018	<u>11,511.36</u>	<u>195.32</u>
Total	\$ <u>65,693.12</u>	\$ <u>6,255.97</u>

**3i. Interprogram Transactions**

Transfers are used to move revenues from the program that is authorized to transfer them to the program in accordance with budgetary authorizations. Offsetting operating transfers, if any, are eliminated for financial statement presentation.

**NOTE 4 - Other Notes**

**4a. Employee Retirement Plan**

The New Castle Housing Authority has participated in the Indiana Public Employees Retirement System (INPRS) since 1994. PERF became a cost-sharing multiple-employer defined benefit pension plan as of July, 2013. This means the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan. The change did not impact the contribution rate for employer.

Prior to this change, PERF used to be agent multiple-employer defined benefit pension plan.

The Indiana Code, Title 5, Articles 10.2 and 10.3, amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the Plan.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**NOTE 4 - Other Notes (Continued)**

**4a. Employee Retirement Plan (Continued)**

Pension Plan

*Plan Description.* The New Castle Housing Authority contributes to the State of Indiana Public Employees Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). PERF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under Indiana Statutes, employer contribution rates and amounts, as applicable, are adopted annual for each plan by the INPRS Board of Trustees. The State of Indiana assigns the authority to establish and amend benefit provisions to the INPRS Board of Trustees. The Indiana Public Retirement System issues a publicly available report that includes financial statements and the required supplementary information for PERF. The report and actuarial valuation for the period that ended June 30, 2014 is available on-line at <https://secure.in.gov/inprs/files/FY2014PARFActuarialValuationReport.pdf>.

*Funding Policy.* Plan members are required to contribute 3% of their annual covered salary and the New Castle Housing Authority is required to contribute at an actuarially determined rate. The current rate is 11.2% of annual covered payroll. Employees may exercise an option to voluntarily contribute an additional amount up to a total of 10% of their annual covered salary. The contribution requirements of plan members and New Castle Housing Authority are established and may be amended by INPRS Board of Trustees.

**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:

<b>Type of Loss</b>	<b>Method Managed</b>
a. Torts, errors and omissions	Purchased insurance with Pfenninger Agency, Inc.
b. Injuries to employees (workers' compensation)	Purchased insurance with First Comp; Claims are administered by The Pfenninger Agency, Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000.00 deductibles.
d. Health and life	Purchased health insurance with Anthem Blue Cross Blue Shield; Life insurance is provided by Anthem Blue Cross Blue Shield.

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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2014

**NOTE 4 - Other Notes (Continued)**

**4c. Economic Dependency**

The New Castle Housing Authority receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Authority receives could be reduced significantly and have an adverse impact on its operations.

**4d. Commitments and Contingencies**

**Commitments—Construction**

At June 30, 2014, the Authority had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-12	\$ 166,401.00	\$ 161,401.00
CFP 501-13	158,917.00	131,327.67
CFP 501-14	<u>153,362.00</u>	<u>30,000.00</u>
	<u>\$ 478,680.00</u>	<u>\$ 322,728.67</u>

**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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

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

Year Ended June 30, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
<b><u>U.S. Department of HUD</u></b>			
<b><u>Public and Indian Housing Nonmajor - Direct Program</u></b>			
2014	Low Rent Program	14.850a	\$ <u>274,812.50</u>
<b><u>Low Income Public Housing Major - Direct Program</u></b>			
2014	Housing Choice Vouchers	14.871	\$ <u>1,347,123.00</u>
<b><u>Public and Indian Housing Nonmajor - Direct Program</u></b>			
2014	Capital Fund program	14.872	\$ <u>169,130.66</u>
<b>Total</b>			\$ <u>1,791,066.16</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.

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

**PHA'S STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS**

June 30, 2014

1. Actual Capital Fund Program costs are as follows:

	<u><b>CFP 501-11</b></u>
Funds approved	\$ 184,871.00
Funds expended	<u>184,871.00</u>
Excess of Funds Approved	\$ <u>-----</u>
Funds advanced	\$ 184,871.00
Funds expended	<u>184,871.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated April 9, 2014 submitted to HUD for approval is in agreement with the PHA's records as of June 30, 2014.
3. All costs have been paid and all related liabilities have been discharged through payments.

EXHIBIT A  
FINANCIAL DATE SCHEDULE



New Castle Housing Authority (IN050)  
NEW CASTLE, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$135	\$121,061	\$121,196		\$121,196
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$83,259	\$83,259		\$83,259
114 Cash - Tenant Security Deposits	\$17,740		\$17,740		\$17,740
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$17,875	\$204,320	\$222,195	\$0	\$222,195
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$1,208		\$1,208		\$1,208
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$62		\$62		\$62
126 Accounts Receivable - Tenants	\$3,845		\$3,845		\$3,845
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,242		-\$2,242		-\$2,242
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$9,779	\$9,779		\$9,779
128.1 Allowance for Doubtful Accounts - Fraud		-\$3,410	-\$3,410		-\$3,410
129 Accrued Interest Receivable	\$231		\$231		\$231
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,104	\$6,369	\$9,473	\$0	\$9,473
131 Investments - Unrestricted	\$156,693		\$156,693		\$156,693
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$27,195	\$2,427	\$29,622		\$29,622
143 Inventories	\$12,775		\$12,775		\$12,775

New Castle Housing Authority (IN050)  
NEW CASTLE, IN  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	-\$439		-\$439		-\$439
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$217,203	\$213,116	\$430,319	\$0	\$430,319
161 Land	\$917,432		\$917,432		\$917,432
162 Buildings	\$7,582,843		\$7,582,843		\$7,582,843
163 Furniture, Equipment & Machinery - Dwellings	\$91,277		\$91,277		\$91,277
164 Furniture, Equipment & Machinery - Administration	\$217,791	\$34,645	\$252,436		\$252,436
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$5,184,316	-\$21,679	-\$5,205,995		-\$5,205,995
167 Construction in Progress	\$99,891		\$99,891		\$99,891
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,724,918	\$12,966	\$3,737,884	\$0	\$3,737,884
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$3,724,918	\$12,966	\$3,737,884	\$0	\$3,737,884
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$3,942,121	\$226,082	\$4,168,203	\$0	\$4,168,203

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$5,541	\$267	\$5,808		\$5,808
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$1,655		\$1,655		\$1,655
322 Accrued Compensated Absences - Current Portion	\$15,791	\$3,411	\$19,202		\$19,202
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$54		\$54		\$54
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$2,515		\$2,515		\$2,515
341 Tenant Security Deposits	\$50,987		\$50,987		\$50,987
342 Unearned Revenue	\$924		\$924		\$924
343 Current Portion of Long-term Debt - Capital	\$17,162		\$17,162		\$17,162
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$10,301	\$348	\$10,649		\$10,649
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$104,930	\$4,026	\$108,956	\$0	\$108,956
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$48,531		\$48,531		\$48,531
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$1,755	\$379	\$2,134		\$2,134
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$50,286	\$379	\$50,665	\$0	\$50,665
300 Total Liabilities	\$155,216	\$4,405	\$159,621	\$0	\$159,621
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$3,659,225	\$12,966	\$3,672,191		\$3,672,191
511.4 Restricted Net Position		\$83,259	\$83,259		\$83,259
512.4 Unrestricted Net Position	\$127,680	\$125,452	\$253,132		\$253,132
513 Total Equity - Net Assets / Position	\$3,786,905	\$221,677	\$4,008,582	\$0	\$4,008,582
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$3,942,121	\$226,082	\$4,168,203	\$0	\$4,168,203

New Castle Housing Authority (IN050)  
NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$332,458		\$332,458		\$332,458
70400 Tenant Revenue - Other	\$24,564		\$24,564		\$24,564
70500 Total Tenant Revenue	\$357,022	\$0	\$357,022	\$0	\$357,022
70600 HUD PHA Operating Grants	\$335,286	\$1,347,123	\$1,682,409		\$1,682,409
70610 Capital Grants	\$108,658		\$108,658		\$108,658
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$1,081	\$91	\$1,172		\$1,172
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$8,937	\$8,937		\$8,937
71500 Other Revenue	\$5,631	\$5,024	\$10,655		\$10,655
71600 Gain or Loss on Sale of Capital Assets	-\$1,146	-\$2,551	-\$3,697		-\$3,697
72000 Investment Income - Restricted					
70000 Total Revenue	\$806,532	\$1,358,624	\$2,165,156	\$0	\$2,165,156
91100 Administrative Salaries	\$128,041	\$74,490	\$202,531		\$202,531

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	\$2,975	\$2,589	\$5,564		\$5,564
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$46,552	\$26,955	\$73,507		\$73,507
91600 Office Expenses	\$26,724	\$14,909	\$41,633		\$41,633
91700 Legal Expense	\$403		\$403		\$403
91800 Travel	\$202	\$563	\$765		\$765
91810 Allocated Overhead					
91900 Other	\$7,748	\$9,703	\$17,451		\$17,451
91000 Total Operating - Administrative	\$212,645	\$129,209	\$341,854	\$0	\$341,854
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$3,915		\$3,915		\$3,915
92500 Total Tenant Services	\$3,915	\$0	\$3,915	\$0	\$3,915
93100 Water	\$3,457		\$3,457		\$3,457
93200 Electricity	\$136,176		\$136,176		\$136,176
93300 Gas	\$8,072		\$8,072		\$8,072
93400 Fuel					
93500 Labor					
93600 Sewer	\$11,826		\$11,826		\$11,826
93700 Employee Benefit Contributions - Utilities					

New Castle Housing Authority (IN050)  
NEW CASTLE, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense	\$1,682		\$1,682		\$1,682
93000 Total Utilities	\$161,213	\$0	\$161,213	\$0	\$161,213
94100 Ordinary Maintenance and Operations - Labor	\$114,059		\$114,059		\$114,059
94200 Ordinary Maintenance and Operations - Materials and	\$51,740	\$27	\$51,767		\$51,767
94300 Ordinary Maintenance and Operations Contracts	\$50,604		\$50,604		\$50,604
94500 Employee Benefit Contributions - Ordinary Maintenance	\$36,793		\$36,793		\$36,793
94000 Total Maintenance	\$253,196	\$27	\$253,223	\$0	\$253,223
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	\$0
96110 Property Insurance	\$38,983		\$38,983		\$38,983
96120 Liability Insurance					
96130 Workmen's Compensation	\$4,912	\$1,349	\$6,261		\$6,261
96140 All Other Insurance	\$12,902	\$421	\$13,323		\$13,323
96100 Total insurance Premiums	\$56,797	\$1,770	\$58,567	\$0	\$58,567
96200 Other General Expenses		\$605	\$605		\$605
96210 Compensated Absences	\$1,951	-\$505	\$1,446		\$1,446
96300 Payments in Lieu of Taxes	\$2,515		\$2,515		\$2,515
96400 Bad debt - Tenant Rents	\$4,299		\$4,299		\$4,299
96500 Bad debt - Mortgages					

New Castle Housing Authority (IN050)  
NEW CASTLE, IN  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other		\$2,974	\$2,974		\$2,974
96800 Severance Expense					
96000 Total Other General Expenses	\$8,765	\$3,074	\$11,839	\$0	\$11,839
96710 Interest of Mortgage (or Bonds) Payable	\$3,746		\$3,746		\$3,746
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$3,746	\$0	\$3,746	\$0	\$3,746
96900 Total Operating Expenses	\$700,277	\$134,080	\$834,357	\$0	\$834,357
97000 Excess of Operating Revenue over Operating Expenses	\$106,255	\$1,224,544	\$1,330,799	\$0	\$1,330,799
97100 Extraordinary Maintenance	\$2,369		\$2,369		\$2,369
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$1,239,626	\$1,239,626		\$1,239,626
97350 HAP Portability-In					
97400 Depreciation Expense	\$301,310	\$2,272	\$303,582		\$303,582
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,003,956	\$1,375,978	\$2,379,934	\$0	\$2,379,934
10010 Operating Transfer In	\$60,473		\$60,473	-\$60,473	\$0
10020 Operating transfer Out	-\$60,473		-\$60,473	\$60,473	\$0



New Castle Housing Authority (IN050)  
NEW CASTLE, IN

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$197,424	-\$17,354	-\$214,778	\$0	-\$214,778
11020 Required Annual Debt Principal Payments	\$16,322	\$0	\$16,322		\$16,322
11030 Beginning Equity	\$3,984,329	\$239,031	\$4,223,360		\$4,223,360
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0		\$0		\$0
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$138,418	\$138,418		\$138,418
11180 Housing Assistance Payments Equity		\$83,259	\$83,259		\$83,259

New Castle Housing Authority (IN050)

NEW CASTLE, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
11190 Unit Months Available	1872	3481	5353		5353
11210 Number of Unit Months Leased	1815	3390	5205		5205
11270 Excess Cash	\$14,386		\$14,386		\$14,386
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$107,221		\$107,221		\$107,221
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$1,437		\$1,437		\$1,437
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

SECTION III  
REPORTS ON COMPLIANCE  
AND  
ON INTERNAL CONTROL

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

Board of Commissioners  
New Castle Housing Authority  
New Castle, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the New Castle Housing Authority, Indiana, (Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise New Castle Housing Authority's basic financial statements, and have issued our report thereon dated December 4, 2014.

**Internal Control Over Financial Reporting**

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

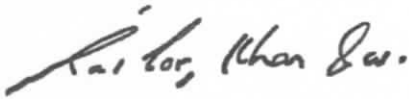
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Sailor, Khan & Co. LLC  
December 4, 2014

**Khan & Co. LLC****Independent Auditor's Report on Compliance For Each Major Federal Program;  
Report on Internal Control over Compliance Required by OMB Circular A-133**

Board of Commissioners  
New Castle Housing Authority  
New Castle, Indiana

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

We have audited the New Castle Housing Authority, Indiana'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 New Castle Housing Authority's major federal programs for the year ended June 30, 2014. The New Castle 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, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the New Castle Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about the New Castle Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the New Castle 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 identified above for the year ended June 30, 2014.

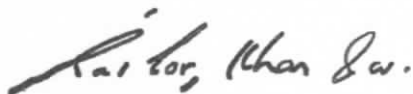
**Report on Internal Control Over Compliance**

Management of the New Castle Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the New Castle Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the New Castle 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 requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

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

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



Sailor, Khan & Co. LLC  
December 4, 2014

NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS**

June 30, 2014

The prior audit report for the year ended June 30, 2013 contained no significant deficiencies.



NEW CASTLE HOUSING AUTHORITY

New Castle, Indiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2014

**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
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
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
▶ Significant deficiency (ies) 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:

<b>CFDA</b>	
<b>Number(s)</b>	<b>Name of Federal Program</b>
14-871	Section 8 Housing Choice Vouchers

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

New Castle, Indiana

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

June 30, 2014

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The current audit report for the year ended June 30, 2014 disclosed no Financial Statement audit findings.

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended June 30, 2014 disclosed no Federal Awards audit findings.

**ACTION PLAN**

The current audit report for the year ended June 30, 2014 disclosed no audit findings and consequently there is no action plan.

**QUESTIONED COSTS**

None